



# Master Cattleman Quarterly

## Oklahoma State University

### Improving the Efficiency of Hay Use

David Lalman, Extension Beef Cattle Specialist and Professor, OSU Animal Science

This year's historical drought has forced cattle producers in the Southern Great Plains to liquidate a portion or all of their cattle, begin feeding months ahead of their normal winter feeding schedule, ship cows to grass somewhere north or east, purchase marginal or low quality hay from hundreds of miles away, and deal with a higher percentage of open cows due to the extreme summer heat. Like never before, this is the winter feeding season to consider ways to improve efficiency of harvested forage use. And fortunately, a few relatively simple concepts or strategies when combined could reduce the need for hay to about 2/3 of what most of us think we need.

Possible strategies include:

**1) Limit feeding hay.** By limiting forage intake, forage digestibility should increase and waste should go down. This can be accomplished by feeding a predetermined amount of around 75% of what the cattle would normally consume. This can be accomplished by rolling out the appropriate amount of round baled hay every day or flaking off big square bales. Another option is to place hay in feeders in a dry lot where cattle can be allowed access to the hay for about 6 hours. Research shows that 6 hours of access to hay reduces forage intake to about 75% of normal. This program should only be used with good quality grass hay and is not recommended for first calf heifers or thin, older cows. The better quality the hay, the better this program will likely work. Limiting access to extremely low quality forage may exacerbate weight loss.

**2) Using hay feeders designed to limit hay waste.** When using round bale hay feeders, be sure to select/purchase a model with a sheeted (solid) bottom. Open bottom

hay feeders have been shown to waste as much as 21% of the original bale weight! The sheeted bottom should reduce waste to around 12-13%. Using a cone style feeder or modified cone feeder with a sheeted bottom should reduce waste to around 5-6% of the original bale weight.

### 3) Using an ionophore (feed additive).

Finally, consider using an ionophore for grazing cattle and cattle consuming hay. Older research has shown that Rumensin and Bovatec improve weight gain of growing cattle. Rumensin is approved for the use in mature beef cows. Older research showed that Rumensin reduced hay intake by around 10% while still producing about the same amount of weight gain. In a recent OSU study, cows fed 200 mg of Rumensin gained an additional 0.5 pound per head per day and nearly one half a body condition score unit more during a 58-day study. Importantly in this project, the forage digestibility was improved dramatically, resulting in the improved cow performance. One could look at the addition of Rumensin in the supplement as having increased the net energy value of this low quality hay diet by about 15%. In other words, less of the same diet (hay) would need to be fed to get the same performance. In our region, the cost of Rumensin is ONLY ABOUT \$0.02 per cow per day! I don't know any other way to get that much improvement in forage utilization at such a low cost. There is a reason why the cattle feeding industry has been using this feed technology so well for so long, and a substantial improvement in feed efficiency is it. That improvement is available to the cow/calf industry as well.

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In this issue:

Improving the Efficiency of Hay Use	1
Cow Herd Decisions: Keep and Feed versus Sell and Buy Back	2
Income Tax Relief Drought or Weather-Related Sale of Livestock	4
Certification Requirements for the OQBN and 2011 OQBN Sales Dates	5
U.S. Beef Cowherd Continues Decline	6
Drought Assistance Available to Livestock Producers	7
Farm Computer Usage and Ownership	9
New/Updated Publications for Beef Producers	10
Upcoming Oklahoma Women in Ag and Small Business Events	10
Master Cattleman Summit! Oct. 14-15, 2011	10

- David Lalman
- Rodney Jones
- Damona Doye
- JJ Jones
- J.C. Hobbs
- Doug McKinney
- Eric DeVuyst
- Derrell Peel
- Jody Campiche



## Cow Herd Decisions: Keep and Feed versus Sell and Buy Back

*Rodney Jones, OSU NW Area Extension Economist, Enid, OK, Damona Doye, OSU Extension Economist and Sarkeys Distinguished Professor, JJ Jones, OSU SE Area Extension Economist, Ada, OK*

It is said that the best way to survive a drought is to have a plan instead of being forced into one. Exceptional drought is forcing tough decisions for Oklahoma cattle producers. Worry doesn't accomplish anything so channel that energy into strategic thinking and then implement, monitor and adjust your plan as needed. Some producers have already liquidated all or part of the cow herd. Some are waiting to see if fall forage and/or wheat pasture is possible. Here, we address things to think about with respect to selling more cows, provide some analysis of potential costs and repurchase possibilities, and point you to a tool that can help you in analyzing your personal situation.

Factors that influence the shape of your drought plan will include your goals, your financial position, ability and willingness to spend, risk tolerance and tax situation. Factors that affect the decision about when to sell cows include the costs of keeping the cows--costs of feed and water, vet med, drought/heat impacts on expected reproduction, etc. -- plus the expected change in sale price of the livestock if any, and the opportunity to earn a return on the proceeds from sale of livestock or reduce interest payments. The tax consequences of weather-related sales must also be considered (these were addressed in the previous issue of this newsletter).

### Assessing Your Situation

What is your most important goal? Make money or minimize losses? Or hang onto cattle? Would you consider liquidating the herd and restocking with other livestock (could be stockers rather than cows) when forage becomes available? Perhaps you've been considering retirement. Are you ready to cash in and leave the business? Would you like to identify a younger partner who might want to use the land resources when forage conditions improve? What kind of risks are you willing to take? An objective assessment of your business current financial position and recent financial performance will depend on a current set of financial statements (cash flow, balance sheet, income statement) along with some enterprise analysis if your operation is diversified beyond cow/calf.

A goal to maintain the cowherd regardless of cost may be reasonable if you have exceptional genetics and unlimited resources (or plenty of time to recoup losses).

If this is not the case, a different strategy may be needed. If your financial position is good (you have low levels of debt and untapped credit reserves or can self-finance using savings), you can take more risks and may have the flexibility to hold onto cattle to see if fall/winter forage becomes available by buying feed and/or hay or wheat pasture. Still, you'll want to be vigilant with respect to costs and watch for market opportunities to sell at high prices.

Let's assume that you're concerned about not degrading your forage base long-term and are considering selling some cows with an eye toward repurchasing cows in the future. What factors do you need to consider?

### Factors That Impact the Price Increase That Can Be Paid to Repurchase Cows Later

The current sale value of the cow is important. The value varies from one situation to the next and may be lower than they would be if not in a drought. On the other hand, prices are being supported somewhat by the overall high price levels in the general cattle market. Use a number that represents your situation (for example, \$1,000-\$1,200).

How long will the difficult environmental conditions last? Do you think you will be able to establish winter forage (cheapen cow costs) or are we looking longer term? Current forecasts suggest that the drought is likely to persist. Consider the possibility of feeding through April which suggests a longer feeding period and a later repurchase date.

What are your costs per day to keep the cow? These costs will not be incurred if the cow is sold and may include hay, grain, pasture rent, water hauling, repairs, veterinary medicine and more. The largest expense will be feed, which could be \$2.00 to \$3.00 per cow per day. Other costs might be 20 to 40 cents per day. We'll ignore "fixed" costs because you probably will not sell your machinery or facilities if you plan to purchase breeding females when conditions improve.

What is the opportunity cost on your money? If you sell the cows you will have some money to either invest or reduce interest payments on borrowed money. While this may be small relative to other factors, it is still a consideration.

**Cow Herd Decisions: Keep and Feed versus Sell and Buy Back (cont.)**

If the pasture from which cattle are removed has some grazing potential and using it would not result in long-term damage, renting out the land may generate some additional income related to the sale of cattle.

The table that follows shows the break-even sell-repurchase margin examples results of calculating the price increase that could be paid per head for replacement

females at a later date based on reduced maintenance costs of \$2.50, \$3 and \$3.50 per day with a 5% opportunity interest rate and an \$800 current sales values for the cow. It assumes that maintenance costs would be incurred up to the date that cows would be repurchased. The length of the feeding period plays a huge role in this calculation and is, of course, the least certain.

**Price Increase That Can be Paid for Replacement Females**

	Days till repurchase	Variable Cost per Day to Maintain Cow		
		\$2.50	\$3.00	\$3.50
4 months from now (Jan. 1)	122	\$318	\$379	\$440
8 months from now (May 1)	243	\$634	\$756	\$877
11 months from now (Aug. 1)	335	\$874	\$1,042	\$1,209

You may download the spreadsheet tool used for this analysis, the Repurchase Decision Calculator, free from the beefextension.com website to analyze your personal situation. The following screen capture shows the data entry in the Excel spreadsheet

		Alternative Sale, Repurchase, Cost Scenarios		
		9/1/2011	9/1/2011	9/1/2011
A.	Cow and Calf Sales			
	1. Number of Raised Cows to Sell (head)	1	1	1
	2. Number of Purchased Cows to Sell (head)	0	0	0
	3. Number of Calves to Sell (head)			
	If selling pairs, separate total sales into cows (line 2) and calves (line 3).			
B.	Net Sales Value Per Head			
	1. Net Sales Value for Cows (\$ per head)	\$ 800	\$ 800	\$ 800
	2. Net Sales Value for Calves (\$ per head)			
C.	1. Total Net Cow Sales Revenue - Early Date (\$) = A x B	\$ 800	\$ 800	\$ 800
	2. Total Net Calf Sales Revenue - Early Date (\$) = A x B			
D.	Net Sales Value of Other Assets That Can Be Sold (\$)			
E.	<b>Total Net Revenue from Immediate Sale</b>	<b>\$ 800</b>	<b>\$ 800</b>	<b>\$ 800</b>
F.	Repurchase Date	1/1/2012	5/1/2012	8/1/2012
	Days Between Sale and Repurchase Date: Days	122	243	335
	Days Between Sales and Repurchase Date: Years	0.33	0.67	0.92
G.	Costs Saved from Not Holding Cows Between Now and Repurchase Date			
	1. Number of Head	1	1	1
	2. Feed Cost per Day (\$ per head)	\$ 2.50	\$ 2.50	\$ 2.50
	3. Other Cost per Day (\$ per head)	\$ 0.50	\$ 0.50	\$ 0.50
	4. Additional Asset Costs (Machinery & Other Livestock) (\$)	\$ -	\$ -	\$ -
H.	<b>Total Cost Savings Between Dates (\$)</b>	<b>\$ 366</b>	<b>\$ 729</b>	<b>\$ 1,005</b>
I.	Opportunity Cost on Capital: Annual Interest Rate (%)	5.0%	5.0%	5.0%
J.	Earnings on Net Sales Revenue (\$) = E x I x (F/365)	13	27	37
K.	Other Net Earnings If Cattle Are Sold (rent out land, etc.) (\$)	0	0	0
L.	Amount that Could Be Paid for Replacement Animals (\$) = E + H + J + K	\$ 1,179	\$ 1,556	\$ 1,842
M.	Price per Animal That Could Be Paid (\$)	\$ 1,179	\$ 1,556	\$ 1,842
N.	<b>Price Increase That Can Be Paid (\$ per head) = M - B</b>	<b>\$ 379</b>	<b>\$ 756</b>	<b>\$ 1,042</b>

## Cow Herd Decisions: Keep and Feed versus Sell and Buy Back (cont.)

### Results

Evaluating immediate and alternative sale date revenues and costs informs the decision about cow herd culling and repurchase decisions. Factors that impact the decision include the cost of maintenance, expected changes in per head values and/or death losses, plus earnings on proceeds from an early liquidation or land lease opportunities. The total required increase in value required to justify delaying sale can be calculated. It is then a question of evaluating the risks associated with each of the estimates to decide what is best for you.

What will be the cost of replacement in the future? The driving factor in the decision about whether to sell now or continue feeding is the spread between cow value now and the cost to replace in future. You may want to consider comparing costs of a bred cow now versus a pair in the spring. The cost of a replacement in the future will depend on many factors, including how large of a geographic area is trying to rebuild at the same time. Will you be lucky at the expense of others? We expect high valued

replacements when conditions improve (a very high spread).

Consult your income tax advisor to determine the tax consequences of liquidating all or a part of the enterprise. Income from the sale of raised cows is typically regarded as capital gain. For purchased cows, the sales price in excess of the tax basis is ordinary income. Proceeds from the sale of calves are ordinary income. For information on tax consequences of drought sales of livestock, see OSU fact sheet, AGE-788.

### References

All are posted on the [www.beefextension.com](http://www.beefextension.com) website under Drought Resources.

Tax Consequences of Weather Related Sale of Livestock. AGE-788, Cooperative Extension Service, Oklahoma State University.

Chapter 32, Oklahoma Beef Manual, Drought Management Economic Considerations

Cow Repurchase Decision Calculator

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## Income Tax Relief for Drought or Weather-Related Sale of Livestock

*J.C. Hobbs, Oklahoma State University Assistant Extension Specialist*

If you have sold more livestock than normal due to the drought or other weather related conditions, a couple of income tax provisions may provide some relief. **All 77 Oklahoma counties have been designated as eligible for federal assistance and received disaster declarations from the president or by an agency or department of the federal government.** Each provision may allow a producer to reduce the tax consequences of bunching of income if certain conditions are met. The following information is general in nature. For a more detailed discussion of the rules, reporting requirements, and examples, get a copy of the OSU Extension publication (AGE-788: Tax Consequences of Weather-Related Sale of Livestock) available at your local County Extension office or online at <http://www.beefextension.com> in the drought information area.

The first provision applies to a producer who has sold more livestock than normal due to the adverse weather. The income from the animals which were sold that were in excess of normal sales may be postponed until the following tax year when the income would have normally been recognized. However certain conditions must be

met. The weather related condition must have caused the area to receive a "disaster declaration". **Producers in all 77 counties are eligible to use this provision if they meet the following qualifications.** In addition, the producer's principal business must be farming and use the cash method of accounting. The producer must show that the livestock would normally have been sold in the following year. The weather-related conditions that caused an area to be declared a disaster area must have caused the sale of livestock. This provision applies to any livestock sold in excess of normal due to weather related conditions. [Refer to IRS Code Section 451(e)].

The second provision only applies to breeding, dairy, or draft animals that were sold in excess of normal. For the animals sold in excess of normal, a producer may elect to replace the animals sold, within a two year period, with like animals (used for the same purpose) and thus defer the recognition of income until the new animals are sold. Unlike the first rule, there is no need for a disaster declaration; all that is needed is proof that drought conditions existed which caused the sale of additional animals. However, if an area has received a disaster declaration made

**Income Tax Relief for Drought or Weather-Related Sale of Livestock (cont.)**

by the president or by an agency or department of the federal government, the replacement period is extended to **four years** not just two. **Again, producers in all 77 counties are eligible to use this provision and the replacement period has been extended to four years if they meet the qualifications discussed in this and the following paragraph.**

The replacement animals must be for the same use as the animals sold. For example, a producer must replace dairy cows with dairy cows or breeding cows with breeding cows. In addition if, for example, the excess animals were sold for \$10,000, the producer will need to buy \$10,000 or more of replacements to completely defer the gain from the sale. A producer must repurchase the same dollar amount of animals which were sold in excess of

normal, not the number of excess animals sold. If only \$8,000 is spent on the new animals then \$2,000 must be recaptured on an amended tax return and the tax paid. There is no requirement as to how long the animals were held by the taxpayer in order to receive this treatment, but the producer must provide evidence of the weather condition and a calculation of the gain for each number and kind of animal sold. [Refer to IRS Code Section 1033(e)]

This is only a brief discussion of the rules that apply to weather related sales of livestock. Please consult your tax preparer or advisor for additional information concerning the income tax implications that would apply to your specific business situation.

**Certification Requirements for the Oklahoma Quality Beef Network (OQBN) and 2011 OQBN Sales Dates**

*Doug McKinney, Beef Cattle Value Enhancement Specialist, OSU Animal Science*

Just a reminder of the requirements to participate in OQBN Sales to add values to your calves.

- Ranch raised calves
  - Weaned minimum 45 days
  - Bunk broke
  - Castrated and healed
  - Dehorned and healed
  - Dewormed
  - Identified with OQBN eartag
  - Vaccinated
    - ◊ Pasturella pneumonia
    - ◊ Blackleg -2 doses
    - ◊ 4-way respiratory viral-2 doses
  - 3<sup>rd</sup> party verified by OSU extension personnel
- For more information on the OQBN enrollment process, visit with your local OSU Extension Educator or see <http://oqbn.okstate.edu/>.

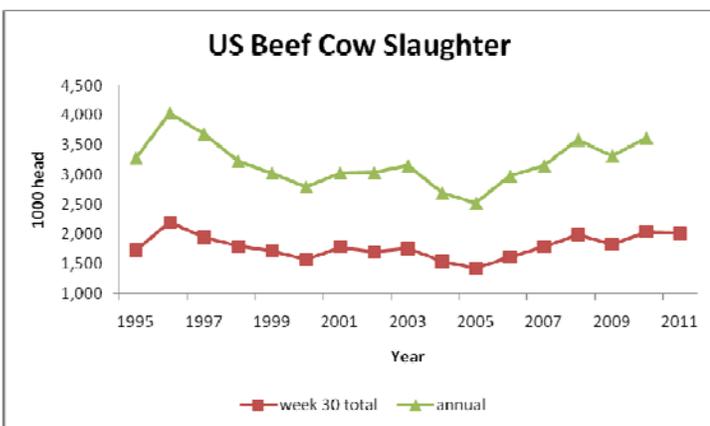
**2011 OQBN Vac-45 Sales**

Location	Contact	Phone Number	Sale Date	Wean Date
McAlester Stockyards	Lindsey Grant	918-423-2834	October 11, 2011	August 27, 2011
OKC West	Bill Barnhart	800-778-9378	November 2, 2011	September 18, 2011
Durant Stockyards	Ronald Jordan	580-924-1850	November 3, 2011	September 19, 2011
Blackwell Livestock	Gary or Grady Potter	580-363-9941	November 19, 2011	October 5, 2011
Pawnee Livestock	Charlie Elliott Jay DeBord	918-645-7501 580-336-1977	December 3, 2011	October 19, 2011
Tulsa Stockyards	Joe Don Eaves	918-760-1300	December 5, 2011	October 21, 2011
OKC West	Bill Barnhart	800-778-9378	December 7, 2011	October 23, 2011
McAlester Stockyards	Lindsey Grant	918-423-2834	December 13, 2011	October 29, 2011
Durant Stockyards	Ronald Jordan	580-924-1850	January 12, 2012	November 28, 2011

### U.S. Beef Cowherd Continues Decline

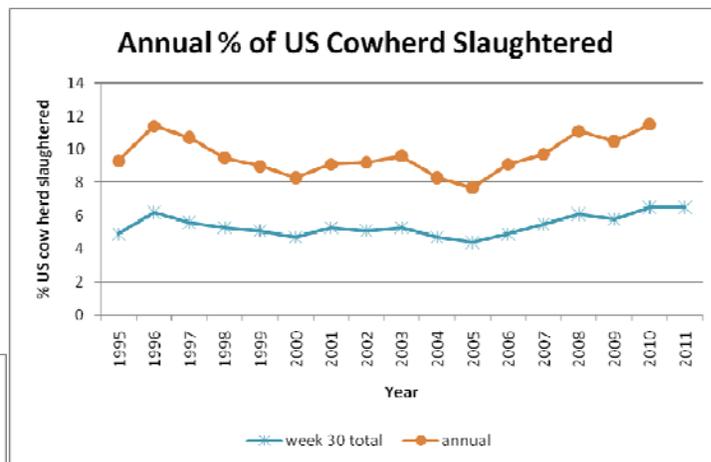
*Eric A. DeVuyst, OSU Farm Management and Production Specialist and Professor and Derrell Peel, OSU Livestock and Marketing Specialist and Professor*

U.S. cow-calf producers continue to reduce breeding herd inventory. U.S. slaughter of beef cows peaked in 1996 at 4 million head. In 2010, we slaughtered just over 3.6 million beef cows. The difference however is that in 1996 we started the year with 35.2 million cows— compared to just 31.4 million in 2010. In relative terms, 11.4 percent of the herd was slaughtered in 1996 and 11.5 percent last year. And, the trend continues this year. Through August 26, 7.0% of the U.S. cowherd had been slaughtered this year.

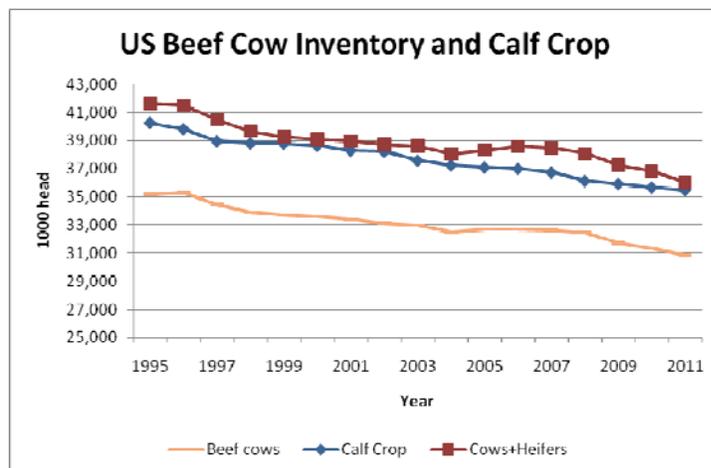


The question is to what extent is the drought affecting cow culling? So far this year, beef cow slaughter in federal Region 6, which overlays the drought region almost exactly, is up 22.2 percent over last year. Meanwhile, total beef cow slaughter in all other regions is down 6.4 percent. As of August 26, year to date total beef cow slaughter was up 0.75 percent with the increases in the drought region more than offsetting decreases in the remainder of the country. If the trend continues through the remainder of 2011, 3.5-3.6 million beef cows will go to the sale barn this year and total beef cow culling could be 11.8 percent of the beef herd, higher than any time in more than 20 years.

Two fall scenarios are possible. First, culling may taper off toward the end of the year. Forage-deficit producers may have disposed of their herds during the summer months, leaving only routine fall culling. Alternatively, culling may increase as producers wean calves and send the cows to the sale barn as well. Forage availability will dictate which scenario plays out. Regardless, we can expect even fewer weaned calves on the market next year.



Since 1995, the U.S. beef cowherd has shed over 4.3 million head, about a 12.3% decline. The beef cow culling described above indicates that the beef cow herd will decline in 2011 by another 2 percent under the most optimistic scenario and more likely about 3 percent. The 2011 calf crop is estimated at 35.5 million head, down 185,000 from 2010. Feeder cattle prices have held up well, despite the drought, which is indicative of the support that tight animal numbers are providing. At some point, the end of the drought will provoke renewed interest in heifer retention in the Southern Plains in addition to the retention already underway in northern regions. Already tight feeder supplies will tighten more in the next two to three years, ensuring strong feeder prices for the foreseeable future. Herd rebuilding is likely to be a 4-6 year process.



## Drought Assistance Available to Livestock Producers

*Jody Campiche, OSU Extension Economist and Assistant Professor*

Many livestock producers across the state of Oklahoma have been affected by severe drought conditions. Several programs administered by the Farm Service Agency (FSA) and the Risk Management Agency (RMA) are available to provide drought assistance to producers in Oklahoma.

### **Conservation Reserve Program (CRP) Emergency Grazing**

Emergency grazing of CRP land has been authorized in thirty-two Oklahoma counties due to the drought conditions across much of the state. The counties include: Alfalfa, Beaver, Beckham, Blaine, Bryan, Caddo, Cimarron, Comanche, Cotton, Custer, Dewey, Ellis, Grady, Grant, Greer, Harmon, Harper, Jackson, Jefferson, Kay, Kiowa, Logan, Major, McCurtain, Osage, Roger Mills, Stephens, Texas, Tillman, Washita, Woods, and Woodward. Emergency grazing is allowed through October 31, 2011 without an additional reduction in payment. Producers who elect to participate in emergency grazing will receive a 25% reduction in their annual rental payment on the acres hayed or grazed, and the acres will not be eligible for managed grazing for two years. To participate, producers should file a request with their county FSA office prior to grazing CRP land. Producers also have the option to use harvested hay from expiring CRP acres (when the acres are being prepared for fall crops). Livestock producers can use the hay to feed their own livestock or can sell or donate the hay. If the haying option is utilized, producers will receive a 25% reduction in the CRP rental rate.

### **Livestock Forage Disaster Program (LFP)**

The Livestock Forage Disaster Program (LFP) provides assistance to producers who suffered grazing losses due to drought or fire occurring between Jan. 1, 2008 and Oct. 1, 2011. Eligibility for the program is determined on a county basis by the U.S. Drought Monitor and weekly eligibility maps are provided on the FSA website (see link at end of article). The grazing losses must be due to a qualifying drought condition during the normal grazing period for the county. As of August 25, 2011, almost all counties in Oklahoma (excluding Nowata, Craig, and Ottawa) are covered by a qualifying drought condition for forage sorghum, improved pasture, and native pasture.

Oklahoma producers have already received \$35 million in payments from the LFP program in 2011. Producers must apply for benefits at their local FSA office within 30 days after the end of the calendar year in which the grazing losses occurred. To qualify for the program, producers must have a crop insurance policy or a Noninsured Crop Disaster Assistance Program (NAP) policy on grazed acres with a loss. Producers are only required to have insurance coverage on acres for which benefits are being requested. However, eligible farmers and ranchers who meet the definition of "Socially Disadvantaged," "Limited Resource," or "Beginning Farmer or Rancher," do not have to meet the crop insurance requirement.

### **Livestock Indemnity Program (LIP)**

The LIP provides assistance to producers for losses due to livestock deaths in excess of normal mortality as a result of adverse weather occurring between Jan 1, 2008 and Oct. 1, 2011. Adverse weather events include tornadoes, hurricanes, floods, blizzards, disease, wildfire, extreme heat, and extreme cold. For this program, livestock do not have to be located in a county or contiguous county designated as a natural disaster. This program does not include a risk management purchase requirement. Producers are not required to have insurance coverage to qualify for this program. Producers receive 75% of the average fair market value for livestock deaths in excess of normal mortality. Losses must be reported within 30 days of the severe weather event. It is important to note that even if losses for a specific weather event are not above the normal mortality rate, producers should still report the losses to their local Farm Service Agency (FSA) office in case additional losses are incurred at a later date. As of August 23, 2011, Oklahoma producers have received \$917,000 in 2011 payments from the LFP program.

### **Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (ELAP)**

The ELAP program provides emergency relief to livestock producers due to blizzards, flooding, and wildfires. Benefits include: (1) pasture losses, (2) feed and forage losses produced on the farm or purchased prior to the disaster event, (3) above normal purchase of feed and forage, and (4) expenses to deliver feed to stranded live-

## Drought Assistance Available to Livestock Producers (cont.)

stock. To qualify for this program, producers must have a crop insurance policy or NAP coverage on every farm and commodity (excluding grazed acres). The ELAP program provides compensation for losses that are not covered through other disaster programs, including LFP and LIP.

### Emergency Loans

The FSA provides emergency loan assistance to producers for production and physical losses due to drought, flooding, other natural disasters, or quarantine. The loans may be used to restore or replace essential property, pay production costs associated with the disaster year, pay essential family living expenses, reorganize the farming operation, and refinance certain debts. The current interest rate for emergency loans is 3.75 percent. Producers should check eligibility requirements and complete an application at their local FSA office within 8 months of the county's disaster designation date.

### Noninsured Crop Disaster Assistance Program (NAP)

The NAP program provides financial assistance to producers of noninsurable crops (crops for which catastrophic risk protection crop insurance is not available) when low yields, loss of inventory or prevented planting occur due to natural disasters, such as drought. Noninsurable crops include crops planted and grown for livestock consumption, such as grain and forage crops (including native forage). The natural disaster must occur before or during harvest and must directly affect the eligible crop. Producers must apply for coverage at their local FSA office and complete form CCC-471 and pay the NAP service fees. Limited resource producers may request a waiver of service fees. Producers must notify their local FSA office if the crop has been affected by drought or other natural disasters and complete Form CCC-576, the Notice of Loss and Application for Payment. The deadline for NAP coverage for perennial crops, including pecans or native/improved grasses intended for hay, is November 30, 2011. The NAP closing date for alfalfa, all small grain grazing acreages, small grain acreages that will be harvested as forage, small grain inter-seeded in perennial grasses, cool season perennial or mixed grasses intended for grazing, and value loss crops such as nurseries was August 31, 2011.

### Emergency Conservation Program (ECP)

The ECP provides assistance to producers to rehabilitate farmland damaged by a natural disaster (tornado, wildfire, flooding, drought, etc.). The program assists producers with providing water for livestock during drought. The ECP is a cost share assistance program providing up to 75 percent of the cost to provide water to livestock during a drought. Producers should contact their local FSA office for more information about the ECP.

### Pasture, Rangeland, Forage Insurance (PRF)

The PRF program is administered by the Risk Management Agency (RMA) and sold through private crop insurance agents. All counties in Oklahoma are eligible for the Rainfall Index PRF. The program allows forage and livestock producers to protect losses of forage harvested for hay or produced for grazing due to lack of rainfall. For the Rainfall Index, the National Oceanic and Atmospheric Administration Climate Prediction Center (NOAA CPC) data is used and each grid is 12 by 12 miles. Producers must select at least two, 2-month time periods where rain is important to the operation, called index intervals. Producers select a coverage level and protection factor between 50-150 percent of the county base value. Insurance payments are calculated using NOAA CPC data for the grid(s) and index interval(s) chosen by the producer. If the final grid index falls below the trigger (coverage level multiplied by the expected grid index), producers may receive a loss payment. It is important to note that coverage is based on the experience of the entire grid and is not based on individual farms/ranches or specific weather stations in the general area. Producers are not required to insure all acres which allows them to only insure acres that are important to their grazing program or hay operation. Producers need to work with their crop insurance agent to purchase PRF coverage by the sales closing date. For the 2012 crop year, the sales closing date is September 30, 2011.

For all of these programs, producers should check eligibility and apply for benefits at their county FSA office or for PRF check with your local crop insurance agent. For more information on eligibility and payment rates, click on the following links:

**Drought Assistance Available to Livestock Producers (cont.)**

- CRP Emergency and Managed Haying and Grazing  
<http://www.fsa.usda.gov/FSA/webapp?area=home&subject=copr&topic=crp-eg>
- Livestock Forage Disaster Program (LFP)  
[http://www.fsa.usda.gov/Internet/FSA\\_File/lfp\\_2011\\_pfs.pdf](http://www.fsa.usda.gov/Internet/FSA_File/lfp_2011_pfs.pdf)
- Livestock Forage Disaster Program Eligibility Maps  
<http://www.fsa.usda.gov/FSA/webapp?area=home&subject=diap&topic=lfp>
- Livestock Indemnity Program (LIP)  
[http://www.fsa.usda.gov/Internet/FSA\\_File/lip2011\\_158c020211.pdf](http://www.fsa.usda.gov/Internet/FSA_File/lip2011_158c020211.pdf)
- Noninsured Crop Disaster Assistance Program (NAP)  
[http://www.fsa.usda.gov/FSA/newsReleases?area=newsroom&subject=landing&topic=pfs&newstype=prfactsheet&type=detail&item=pf\\_20090318\\_distr\\_en\\_nap.html](http://www.fsa.usda.gov/FSA/newsReleases?area=newsroom&subject=landing&topic=pfs&newstype=prfactsheet&type=detail&item=pf_20090318_distr_en_nap.html)
- Pasture, Rangeland, and Forage Insurance (PRF)  
<http://www.rma.usda.gov/policies/pasturerangeforage/>

**Farm Computer Usage and Ownership**

*Damona Doye, OSU Extension Economist and Sarkeys Distinguished Professor*

If you are not among those using the computer for farm business purposes, I challenge you to invest some time and energy in learning to use tools that can improve your records, simplify tax preparation and help you to analyze decisions objectively. USDA’s National Agricultural Statistics Service conducts a survey every two years to document farm computer use and adoption (<http://usda.mannlib.cornell.edu/usda/current/FarmComp/FarmComp-08-12-2011.pdf>). This year’s report shows continued increases in the percent of farms that have computer access, own or lease computers, use computers for farm business and have internet access. Small increases in the use of the Internet to purchase inputs, access USDA reports and conduct business with non-ag websites were observed.

Computer ownership and internet access differ a bit by type of farm, with crop farms exceeding livestock farms. Large farms have slightly higher access rates than small farms. This pattern carries over into adoption in that use of computers for farm business also differs by size and type of farm in the national statistics. Crop farms are more likely than livestock farms to apply computers in the business as are large farms compared to small farms.

Statistics for Oklahoma are shown in the table and are similar to national averages. Primary method of Internet access for Oklahoma farmers was 39% DSL, 24% satellite, 19% wireless, 9% dialup, 6% cable and 3% other/unknown.

<b>Percent of Oklahoma farms that:</b>	<b>2007</b>	<b>2009</b>	<b>2011</b>
Have computer access	55	60	66
Own or lease computers	54	60	64
Use computers for farm business	32	32	38
Have Internet access	53	57	62
Purchase agricultural inputs over Internet	11	12	15
Conduct agricultural marketing activities over Internet	11	11	13
Access USDA/NASS Reports over Internet	6	6	6
Access other USDA reports/services over Internet	10	11	15
Access other Federal government websites over Internet	16	11	14
Conduct business with any non-ag website	27	30	32

## New/Updated Publications for Beef Producers

Price Premiums of the 2010 Oklahoma Quality Beef Network.” Oklahoma Cooperative Extension Service Fact Sheet. AGEC 624, August 2011.

### Upcoming Oklahoma Women in Ag and Small Business Events

Check the Women in Ag & Small Business web page <http://okwomeninagandsmallbusiness.com> for updated events, information, and agendas. Also, find us and like us on Facebook at

<http://www.facebook.com/groups/133722759972415>.

Upcoming opportunities for women to network and become more informed of risk management topics include:

- **Sept. 27, 2011** – Dewey County Women in Ag & Small Business Conference, Taloga. Contact: Michael Nichols, Farm Service Agency, 580-328-5331, [michael.nichols@ok.usda.gov](mailto:michael.nichols@ok.usda.gov), Mike Weber, 580-328-5351, [mike.weber@okstate.edu](mailto:mike.weber@okstate.edu), Coleta Bratten 580-328-5366, [deweyccd@conservation.ok.gov](mailto:deweyccd@conservation.ok.gov).
- **Sept. 27, 2011** – Wagoner County Women in Ag Bus Tour, Coweta County Fairgrounds. Contact: Alan Parnell, 918-486-4589, [l.a.parnell@okstate.edu](mailto:l.a.parnell@okstate.edu).
- **Oct. 15, 2011** - Arbuckle Area Women in Ag Conference, Ardmore Convention Center, Ardmore. Contact: Leland McDaniel, 580-223-6570, [leland.mcdaniel@okstate.edu](mailto:leland.mcdaniel@okstate.edu).
- **Oct. 25, 2011** – Major County Women in Ag Conference, Fairview. Contact: Jim Rhodes, 580-227-3786, [jim.rhodes@okstate.edu](mailto:jim.rhodes@okstate.edu).
- **Oct. 27, 2011** – Choctaw County Women in Ag & Small Business Conference, Hugo. Contact: Kacey Smith, [kacey.smith.rcd@att.net](mailto:kacey.smith.rcd@att.net), or Tracey Watts, 580-326-3359, [tracey.watts@okstate.edu](mailto:tracey.watts@okstate.edu).
- **Nov. 1, 2011** – Heart of Oklahoma Women in Ag & Small Business Conference, the Heart of Oklahoma Expo Center, Shawnee. Contact: Joe Benton, 405-273-7683, [joe.benton@okstate.edu](mailto:joe.benton@okstate.edu), or Sonya McDaniel, 405-273-7683, [sonya.mcdaniel@okstate.edu](mailto:sonya.mcdaniel@okstate.edu).
- **Nov. 10, 2011** – Caddo County Women in Ag & Small Business Conference, Caddo-Kiowa Technology Center, Ft. Cobb. Contact: Ranel Lasley, 405-247-3376, [r.lasley@okstate.edu](mailto:r.lasley@okstate.edu).

### Master Cattleman Summit!

**Oct. 14-15 , 2011,  
Stillwater, Oklahoma**

Hope to see you there. See the enclosed brochure for details about exciting nationally known speakers. Registration is first come, first served so return your form with payment early.

The Cow-Calf Corner Newsletter provides weekly articles on cow-calf production and management, and cattle market economics. The newsletter is available as a weekly email. If you would like to receive the newsletter, please send an email to Derrell Peel at [derrell.peel@okstate.edu](mailto:derrell.peel@okstate.edu) and indicate that you wish to receive the Cow-Calf Corner newsletter.

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