

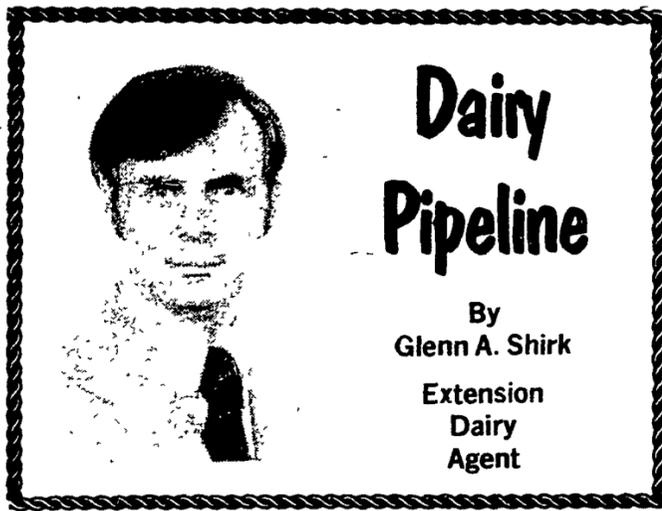
Lycoming Co. DHIA

(Continued from Page C8)

B67	4-2	19,221	678	305
Regina	3-3	16,280	682	271
R35	3-4	17,392	856	281
G5	2-8	12,444	653	246
Marvin L. Waltz				
Fancy	6-10	17,442	767	305
Evaline	5-10	23,186	909	305
Maxine	4-11	19,253	709	305
Boots	1-11	17,178	686	305
Burton Y. Staman				
95	5-7	19,742	656	305
Jack L. Hipple				
113	7-11	19,179	681	305
Dennis W. Eckert				
Wilann	5-6	20,000	709	305
Merrill Holdren				
47	3-2	20,153	760	305
Richard J. Daly				
66	6-0	15,357	673	305
21	3-7	18,096	650	305
9	3-5	18,786	689	305
Harold & Anna Mae Bower				
Cutie	5-1	17,410	809	305
Schon-Crest Farms				
Honey	7-5	23,900	793	305
Virginia	6-2	16,617	726	305
Alice	3-7	17,932	774	305
Lizzie	2-2	16,929	695	305
Dale F. Cooley				
Michele	2-4	16,254	704	305
Richard Schon				
Jan	3-9	18,599	729	305
Fred W. Lovell				
Rosy	6-3	16,890	682	305
Lost Brook Farm				
41	9-6	20,623	815	305
63	5-7	19,785	759	305
71	4-3	18,533	688	305
79	4-3	23,337	769	305
Kreidell Farms				
93	2-6	15,885	663	305
Aaron Ritter				
Effie	4-4	17,560	731	305
Jiffy	7-0	25,839	977	305
Edward C. Ulrich				
3Freda	7-1	19,625	848	305
Franklin J. Finck				
Irma	7-10	24,186	865	305
Patsy	7-2	18,227	769	305
Rose	6-2	19,974	678	305
Peggy	3-3	17,714	677	305

SEPTEMBER 1981

Herds averaging over 1.35 lbs. butterfat.					
Richard Barto	R&GrH	42.6	87.8	65.2	2.33
Eugene W. Hall	R&GrH	67.6	93.8	50.7	1.96
Samuel & Larry Fry	RH	119.6	88.8	49.3	1.84
Robert L. Tome	R&GrH	51.4	88.3	49.1	1.84
John Snyder	R&GrH	39.2	92.7	49.6	1.81
Marshall Bros. #1	RH	100.0	85.6	44.7	1.78
H & A Bower	R&GrH	23.3	83.6	49.3	1.72
Lost Brook Farm	R&GrH	65.1	82.4	44.4	1.70
Franklin J. Finck	RH	78.6	94.6	46.3	1.67
Harold R. Drick	GrH	21.0	96.3	42.4	1.64
Merrill Holdren	GrH	31.0	89.8	46.4	1.63
M. Floss Jr.	R&GrMix	39.0	96.3	44.5	1.63
Willard Brelstord	R&GrH	40.2	85.1	40.1	1.59
Edward C. Ulrich	R&GrH	35.9	96.7	42.2	1.59
John C. Bower Jr	R&GrH	86.1	89.0	43.2	1.54
J. David Jarrett	R&GrH	118.5	81.9	41.8	1.50
Schon-Crest Farms	R&GrH	42.0	87.8	42.0	1.50
Mary Katzmaier	R&GrH	49.0	93.1	45.8	1.50
Jesse Snyder	RH	33.6	99.8	39.1	1.49
Youngsway Farms Inc.	RH	80.1	94.9	40.1	1.49
L. Pauthamus	R&GrMix	15.4	98.1	38.8	1.47
Steppe Brothers	RH	85.9	83.7	39.8	1.46
Benjamin McCarty	R&GrH	28.1	86.1	38.1	1.46
Mont-Will Farms	R&GrH	38.0	74.3	40.6	1.43
Dale F. Cooley	R&GrH	31.0	75.3	38.1	1.43
Eldon L. Metzger	GrH	40.9	81.8	39.4	1.41
David L. C. Albert	GrH	21.3	87.1	37.1	1.39
Earl L. Hensler	R&GrH	40.7	84.4	37.5	1.37
Thomas Dunlap	GrH	28.0	80.5	31.6	1.36
Don & Scott Lepley	GrH	32.8	73.8	40.6	1.35
Cows Producing Over 650 Lbs. Butterfat:					
Harold R. Drick					
Flo	9-0	16,893	713	305	
Cora	6-0	18,056	680	305	
Samuel & Larry Fry					
Nipper	4-1	17,400	744	305	
Iney	3-1	19,035	678	305	
Earl L. Hensler					
Ivy	8-2	15,293	726	275	
Roy Schultz					
Denice	7-8	18,775	658	305	
Lida	5-3	18,834	707	305	
Feggy	3-2	17,854	753	305	
Jesse Snyder					
Fancy	8-2	20,935	892	305	
Glady	7-3	16,761	795	305	
Bettie	3-4	18,488	769	305	
Carrie	2-8	17,869	692	305	
Candy	2-7	18,125	744	305	
J. David Jarrett					
Maid 12	7-0	17,208	656	297	
197	4-10	14,828	662	305	
15	4-3	13,574	708	305	
154	3-5	18,075	664	305	
Robert Voneida					
Cheryl	6-6	19,513	758	305	
Lester M. Poust					
Melodee	6-4	24,460	948	305	
Mystic	4-4	22,954	1026	305	
Kathy	4-2	24,026	1037	305	
John C. Bower Jr					
Dot	4-11	20,890	898	305	
Willard M. Brelstord					
Donna	8-3	20,401	671	299	
Prem	3-4	20,047	678	305	
Peachy	3-1	16,526	661	305	
Mont-Will Farms					
Patsy	8-3	19,917	820	296	
Linda	7-1	20,736	753	297	
Eve	7-2	20,195	760	248	
Norwood Meisel					
Mae	9-6	16,826	681	305	
Richard Barto					
Lucy	7-9	22,436	760	305	
Cheryl	2-1	18,864	741	305	



Dairy Pipeline

By
Glenn A. Shirk

Extension
Dairy
Agent

Easing the Financial Crunch

Cash flow — or the lack of it — is a problem that is becoming all too familiar to many farm families. When you are in this predicament, the big question is, how do you improve the situation?

Well, don't expect any magical solutions, simply from reading this article. It isn't that easy. Better market prices and lower production costs would help, but these are things over which you have little immediate control. So, let's focus on a few things you can control.

First, let's look at debt load, a figure that can be very astronomical on a dairy farm. A lot is said about interest rates, and they are a major problem. For example, if you took out a \$100,000 loan for 15 years at 8 percent interest and the rate jumped to 13 percent, the increase in interest payments might amount to an additional \$3,800 per year. It's hard to take that big a cut in profit when inflation is going the opposite direction at 10 percent or more per year.

But, let's not use interest rates as an excuse to overshadow other major concerns such as debt load per cow and type of financing. Let's look at how much additional milk is needed per cow per year to service an additional \$1,000 of debt per cow, and compare this to the impact of interest rates. Remember, the cows have to carry

the debt load and meet the payments.

So, let's look at their carrying capacity before we get ourselves over-committed. And let's see how vulnerable we are to production changes.

To make this comparison, I'll make several assumptions. First, let's work with a net milk price of \$13.40 per cwt. (This price is not intended to be a prediction; it is being used only to serve as an example).

To increase average production per cow above your present level of production, about 40 percent of the income from the additional milk will be gobbled up by the additional costs associated with producing that extra milk. The remaining 60 percent will be profit, profit that is available for servicing additional debt loads, etc. In other words, only \$8.04 of the \$13.40 price for the additional milk is profit. These figures will vary greatly from farm to farm, and the profit ratio will be much smaller, and in some cases non-existent, at lower levels of production.

How many pounds of milk, at \$8.04 profit per cwt., is required to carry a \$1,000 debt per cow and a 1 percent increase in interest rates? Study the following figures. They can be quite revealing.

Length of Loan	Interest Rate	Annual Payment	Pounds of Extra Milk Needed
5 yr	18%	\$320	3977
	17%	313	3888
	1%	7	89
15 yr	14%	\$163	2025
	13%	155	1925
	1%	8	100

In the above example, your herd average would have to increase by about 4,000 pounds to support an additional \$1,000 debt load on a 5 year loan. With a 15 year loan, and lower interest rates, you can support the same debt load with about one half as much as milk. Note too, that a mere 100 pounds of milk will carry an increase in interest rates of 1 percentage unit for each \$1,000 debt load per cow. Now, you tell me, which is more crucial—interest rates or debt load per cow and type of financing?

Hopefully, this comparison puts things in a truer and clearer perspective, and emphasizes the importance of getting the right kind of financing (length of loan and interest rates) and of watching your debt load.

This example shows how much milk you need to carry the additional debt load. The converse is also true. For example, if you've borrowed to your limit, and suddenly production drops by several thousand pounds, look what this does to your debt carrying capacity. In other words, be sure to keep a margin of safety.

What To Do

So, you are over-committed. What can you do?

Look at your debt structure to see if refinancing will help. Would it be helpful to convert some high-interest short-term loans and notes to long term loans? What items can you return or sell in an effort to stop present payment obligations or to convert them into badly needed cash?

A word of caution at this point. In a desperation move to raise cash, be careful you do not sell away your income producing base. For example, you might sell two non-profitable cows for cash and use that cash, not to make a debt payment, but to re-invest in one profitable cow, and use the profit from her to pay on the debt. Her profit is ongoing. The cash from the cull cows is useful once and done!

Another move might be to reduce your machinery and equipment line, and hire a custom operator to perform the work done by this equipment. This may have an added advantage of freeing you to spend more time with the herd—where your time can really pay big dividends.

Remember, increased production makes it much easier to meet debt obligations. Pay attention to those details that get cows bred, that keep them milking, that reduce mastitis and keep calves alive and growing vigorously.

Another word of caution. Be slow to give up equipment and machinery which are crucial to field operations that must be performed on a timely basis, such as harvesting haylage. True, forage harvesters are expensive to own and to operate, but it might be far more expensive to end up with a silo full of mediocre feed and a herd that does not produce as it should just because the custom operator was not there when he should have been. It's hard to make milk or a good profit on poor quality feed.

Also pay attention to those little things that cut production costs and improve efficiency, such as feeding more frequently, weighing feeds and testing them for moisture to determine actual intake, balancing rations, least-cost formulation, good barn ventilation, preventative herd health programs, etc.

A common temptation is to get bigger in an effort to produce more

(Turn to Page C10)

Steppe Brothers				
Ida	10-4	17,110	709	305
Jean	6-6	21,377	796	305
Juicy	5-4	18,634	673	303
Eugene W. Hall				
Lady	6-8	23,028	995	305
Streakr	6-8	20,341	834	305
Ellie	4-1	22,656	841	305
Marshall Bros Inc. #1				
Susie	10-7	17,288	681	305
B107	4-5	21,031	892	305
R42	4-2	17,203	762	305
Rai	3-6	18,333	745	305
Marshall Bros Inc #2				
196M	3-1	17,232	702	305
Miller & Rearick				
103	5-9	18,831	834	305
61	5-3	19,328	907	305
21	0-0	17,344	676	305
Don & David Bogart				
89	6-8	17,956	689	305
Merrill Holdren				
34	3-0	16,605	753	305
Richard J. Daly				
16	3-6	25,090	926	305
15	3-10	16,155	827	305
Schon-Crest Farms				
Candy	7-6	20,473	874	305
Jill	5-0	21,339	820	305
Dale F. Cooley				
15	7-8	18,958	745	305
Nicky	4-1	20,754	706	279
Warren Fenstermacher				
86	6-4	19,255	806	305
Fred W. Lovell				
Ann	5-8	18,327	686	277
Valerie	3-0	18,862	687	305
Lost Brook Farm				
83	3-11	20,002	721	303
32	2-3	15,165	564	305
Mary Katzmaier				
R37	10-8	19,654	788	305
R59	7-7	16,456	652	299
Eldon L. Metzger				
4	4-11	18,127	690	305
2	1-11	15,739	662	305
Benjamin E. McCarty				
39	6-8	19,409	660	294
20	6-8	18,213	678	305
Franklin J. Finck				
Irene	7-3	20,058	762	305
Shirley	5-2	15,882	705	305
Barbara	3-10	17,090	756	305
Bell	3-0	17,243	719	305