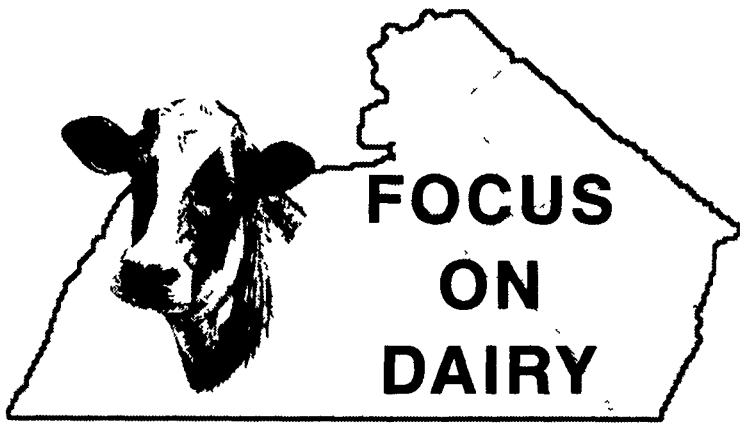

Penn State Cooperative Extension Capitol Region Dairy Team

CONTRACTING CORN SILAGE
Roland P. Freund
Regional Farm Management Agent
Carlisle

In a previous column article I discussed the importance of each small farmer specializing in some enterprise. The families in a community can all be better off by specializing than if everybody continues to try to do everything independently. In recent years there has been a steady trend toward specialization in the growing and supply of corn silage. This is beneficial to the corn grower and the dairyman.

But both parties need to agree upon terms and conditions under which the corn silage can be supplied and fair payment made. Conditions may vary from the dairy contracting with a corn grower to grow X acres and deliver to the dairy storage at harvest time, to a corn grower producing and storing silage and making daily delivery of the dairy's needs.

All those decisions! To assist in the process of arriving at a fair deal, I have prepared a checklist of about 40 points that parties to a silage deal should ponder. The worksheet accompanies this article.

The first thing to determine is if it will be a contract to grow — by the acre — or supply silage — by the ton. Points 1 to 5 of the checklist cover those questions.

• Contracting to grow — per acre. If the dairy manager wants a corn grower to plant, grow, and harvest X acres of corn silage on the dairy's land and/or Y acres elsewhere, he might negotiate this in the winter before planting. Then he can control such production practices as variety; planting date; application of lime, fertility, and chemicals; harvest stage; height of cut; and kernel processing. Under these terms the corn grower is basically providing a custom growing service and the dairy manager dictates and controls the growing process. Here the parties need to discuss points 6 through 27.

They might decide that the dairy should pay the grower a fair payment for the services and inputs rendered by the grower, plus the rent value of any land supplied in the deal. This might work out to something like $190 per acre on dairy's land or $250 on grower's land. If the dairy controls the growing, it should also bear the production or quality risks of drought, hail, or flood — or transfer those risks to crop insurance.

• Contracting to supply — per ton. It is too late in mid-summer to try to dictate many of the production practices as mentioned above. The dairy manager who did not contract with a corn grower to grow silage now has to find growers who have suitable fields of corn and negotiate with them to buy the silage. This time the grower is not furnishing a growing service but supplying a commodity — corn silage. The grower needs to get at least as much for the crop as it would bring if sold as shelled corn. De-

Roland P. Freund

tails of this transaction need to be discussed by working through points 1 through 5 and 16 through 40 of the checklist.

The prudent dairy manager now has the problem of calculating what the dairy can afford to pay for a given quantity (tons) of material of a specific quality (Dry Matter, NEL). The dairy needs to buy these nutrients in silage cheaper than it can deliver the same quantity and quality of nutrients to the feed bunk from other sources such as hay and grain. The grower and the buyer thus establish the minimum and maximum price range. This is the range in which they can strike a deal.

• Location and time of purchase per ton. A ton of corn silage standing in the field is worth far less than a ton of silage delivered to the feed bunk the following July. The nutritionists can probably tell you what the latter value is compared to substitutes. Unless the grower delivers the silage to the dairy feed bunk, the price should be adjusted for any costs to the buyer for harvesting, hauling, filling, storage losses, unloading and mixing.

Determining how many tons there are in a given transaction requires measurement. Ideally, every load should be weighed and moisture tested. If representative loads are weighed, then many samples should be drawn to arrive at a representative moisture level. The height of settled silage in an upright silo will probably give a more accurate tonnage than sampling loads.

• Complex computations. As I write this in the second week of July, I can't tell you what you should pay (or charge) for a ton of corn silage two months from now. But I can direct you to a Website where you can find this article, the worksheet, and a spreadsheet where you can put in all the factors discussed above to come up with a price range within which the silage deal might be struck. Go to http://cumberland.extension.psu.edu/Agriculture/FarmMgt/fmmgt.htm and click on "Contracting Corn Silage." If you do not have Web access, perhaps your nutritionist, accountant, or extension agent can assist you to access both the worksheet and the spreadsheet as discussed above.

Contracting Corn Silage Needs

Points to Negotiate
Roland P Freund
Penn State Extension Farm Management

1	Are you contracting to	**Grow Silage?**		**Supply Silage?**
2	Contracting Per Acre/Per Ton			
3	Price calculated on	Acre?		Ton?
4	Years/seasons covered by contract			
5	Deliver to Buyer's Storage /Just-in-time			
		Grower		**Buyer**
6	Who furnishes land			
7	Rent Value of land used	$/Acre		
	Who Decides?			
8	Acres to grow			
9	Hybrid variety			
10	Planting date			
11	**Application of:** Lime			
12	Fertility			
13	Sidedress			
14	Chemicals			
15	Who covers risk-drought etc			
16	Harvest date			
17	Kernel processed			
18	Height of cut			
19	Length of cut			
20	**Who pays for:** Harvesting		$ per	
21	Hauling		$ per	
22	Packing/blowing		$ per	
23	Innoculants		$ per	
24	Covers/bags		$ per	
25	Ensiling/storage losses		$ per	
26			$ per	
27	**Acceptable range:** Dry Matter			
28	Net Energy of Lactation NEL			
29	Mycotoxins			
	Measurements and Prices:			
30	How quantity to be measured			
31	How quality to be analyzed			
32	Dry Matter Ton basis			
33	**OR** Adjusted to 35%D.M.			
34	**Based on:** Harvest contract	Corn$/Bu		
35	**OR** Other Corn Price			
36	Grass Hay Price			
37	**OR** Soybean Oil Meal Price			
38	**Calculations using**	Penn State (Freund) Spreadsheet		
39	Other			
40	Quality Price Adjustments	Penn State (Ishler) Table		
41	Other			

Note Well: *This is NOT intended to be an agreement, nor a legally binding contract. It is a guideline for discussion which must take place between forage buyer and forage grower BEFORE a deal is struck to either grow a crop or supply forage under a specified set of circumstances.*
A legal contract based upon these terms should be drawn up by legal counsel for one party and approved by legal counsel for the other party to this contractual arrangement.

Entries Sought For Pennsylvania Soybean Yield Contest

MILLIE BUNTING
Market Staff

LANDISVILLE (Lancaster Co.) —*Soybean growers wanted.*

The Pennsylvania Soybean Board (PASB) is seeking applicants to participate in the Soybean Yield Contest 2003. An intent to participate must be submitted and postmarked by Aug. 30, 2003.

This annual contest highlights practices which produce maximum economic yields and encourages the production of high-quality beans.

Any bona fide farmer who is growing five acres or more of soybeans in the state is eligible. Those entering the contest must use nonirrigated soybeans, but they are not restricted as to variety, fertilization, spacing, or other cultural practices.

The top winner who produces the most soybeans per acre will be awarded the State Yield Champion Trophy and a trip for two to the 2004 Commodity Classic, March 2-4, 2004, in Las Vegas, Nev. The second-place winner will receive a trophy and $500 cash. The third place winner will receive a trophy and $300 cash.

Entries requesting an application for the contest should be mailed to Pennsylvania Soybean Yield Contest, Attn: John Yocum, P.O. Box 308, Landisville, PA 17538. Included with this story are the contest rules and an entry form.

☐ ***YES,*** **I WOULD LIKE TO PARTICIPATE IN THE PENNSYLVANIA SOYBEAN YIELD CONTEST 2003!**

PLEASE SEND ME AN APPLICATION.

NAME_____

ADDRESS_____

_____

_____

CITY_____

STATE_____ ZIP_____

PHONE (____) _____

Please mail* to.

PA SOYBEAN YIELD CONTEST
ATTN JOHN YOCUM
PO BOX 308
LANDISVILLE PA 17538

** Must be postmarked by August 30, 2003*

☞ RULES

1 Notice of intent to participate must be submitted and postmarked by August 30, 2003

2 Three (3) acres in one block (ex 209' x 627' =3 ac) from a field of at least five (5) acres within the physical boundaries of Pennsylvania shall be selected by the grower For convenience the test area may be measured after harvest

3 A designated representative (other than the grower) shall
- a Measure the test area
- b Be present when test area is harvested
- c Supervise weighing on state-inspected scales or an approved weigh wagon
- d Sign the report

The designated representative may be an NRCS (SCS) staff person, extension employee, production credit association representative, FHA representative, FFA Vocational Ag Instructor, bank ag loan officer, private crop consultant, state/private college agriculture staff or a retiree from one of these occupations

The representative may have no financial or direct business ties to a company selling agribusiness supplies (i e , be totally independent)

4 Only one entry per farm will be accepted

5 There is no charge for contest participation.

6 Moisture content shall be obtained on a state-approved moisture meter

7 Acre yields will be calculated on the basis of 13% moisture

8 *Awards for growers* Participants must complete all required forms provided with the application and meet all other requirements as herein stated to become eligible for awards

a The grower who is certified in the contest as having produced the greatest yield per acre in accordance with contest rules will be declared the State Yield Champion for that year & receive first prize and a trophy

b Second and third place winners will be recognized with appropriate prizes & trophies

c. Each contestant producing over sixty (60) bushels per acre from a plot officially entered & measured will receive an engraved plaque giving membership in the 60-Bushel Club

9 *Publicity* Production practices used by participants producing sixty (60) bushels or more per acre will be publicized at the time county and state winners are acclaimed

☆★☆★☆★☆★☆★☆★☆★☆
PENNSYLVANIA SOYBEAN BOARD
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HELPING YOU GROW YOUR BEST!

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