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**2013 Northeast Crop Insurance Performance**

In 2013, the 32,837 producer policyholders in the Northeast received $2.1 billion of protection on over 4.0 million acres of crops. The $52 million of indemnity payments to date are a testament to the fact that risk is always present—the producers on the 77,955 indemnified farm insurance units know all too well that disasters happen, in years of good crops.

The USDA crop risk management tools that are available for 2014 are Crop Insurance and the Non-insured crop Assistance Program (NAP) from FSA.

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**Considering Using Crop Insurance in 2014?**

Keep in mind that the sales closing date is **March 15, 2014** for AGR Lite, corn (grain & silage), soybean, spring forage seeding, fresh market sweet corn, grain sorghum, oats, processing beans, and tomato crop insurance policies.

Contact your agent as soon as possible to determine what policies may work best for you. If you have any questions regarding crop insurance, feel free to give the New Jersey Crop Insurance Education Team a call at 1-800-308-2449.

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**LGM Sign-Up: January 31**

Funding for the Dairy Livestock Gross Margin (LGM) Program is readily available for the January sign-up period. The program is authorized in the lower 48 states, and with this widespread availability, funding will likely be quickly utilized. Dairy producers should give the LGM for dairy program consideration based on the extreme volatility in feed pricing alone. A policy could help to set a guaranteed margin and provide relief in an unstable environment.

If you feel that dairy LGM may benefit you, contact your crop insurance agent as soon as possible to get details for your farm and to take care of pre-enrollment issues. Sign-ups will begin on Friday, January 31 and continue through February 1, if funds are not exhausted.

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(856) 769-0090
Cold Weather Precautions: Lactating Cows & Dairy Calves

Dairy producers should be prepared for cold weather conditions that can affect young stock and lactating cows, a South Dakota Cooperative Extension Service specialist said.

Extension Dairy Specialist Alvaro Garcia said producers should protect young calves from inclement weather and air drafts and should provide plenty of clean, dry bedding.

“If using milk replacer, choose those that contain 20 percent fat, as they provide additional energy,” Garcia said. “Although usual recommendations are to feed milk at 10 percent of body weight, during extremely cold weather it will be necessary to increase this amount.”

Producers can encourage starter intake by making drinking water available at all times. “Make sure the water does not freeze in the pails and offer lukewarm water two to three times a day to encourage feed consumption,” Garcia said. “This also counteracts the effects of cold stress, and it’s important to keep the coats of calves as clean and dry as possible.”

Lactating cows that are adequately fed should withstand cold conditions provided they are kept dry and not exposed directly to winds. Keep the housing area dry and free of manure and provide ample supply of dry clean bedding daily. Garcia noted that teat skin chapping (frostbite) can become a problem in lactating cows during cold, windy weather. Chapping makes the teat more susceptible to bacterial infections, particularly Staphylococcus.

“Mastitis is a possible outcome, and the cows affected will have to be monitored closely,” Garcia said. “If injury has already occurred, skin chapping and loss of at least the teat end is likely. When the teat end is damaged, the sphincter that closes the teat canal is also non-functional, predisposing the quarter to bacterial invasion.”

Recent research indicates teat dipping should be continued during cold windy days. Pre- and post-milking teat dips should include skin conditioners like glycerin and lanolin.

Producers should dry teats and udders effectively. Cows should not be turned outside on cold and windy days until the teat dip has dried for 1 minute. Garcia also pointed out the cold weather guidelines from the National Mastitis Council. They include:

- In very cold weather it may be advisable to dip just the teat end.
- When teats are dipped, dip only the end and blot off any excess with a single-use paper towel.
- Teats should be dry before turning cows out of the barn.
- Warming the teat dip reduces drying time.
- Windbreaks in outside holding areas provide some protection.
- Fresh cows with swollen udders are more susceptible to chapping.

“Always remember that prevention is the key,” Garcia said. “This includes the use of plenty of clean, dry bedding and avoiding drafts as much as possible. Maintain the cows, and particularly keep the udders clean, dry, and out of the wind.”

Source: South Dakota State University
Is your 2013 risk management plan adequate for 2014?

Many ag economists and policy observers are predicting the next U.S. Farm Bill will not contain direct or counter-cyclical payments for producers to use as a price risk management tool. In Pennsylvania this could represent in excess of $21 million (2011 payout) in reduced farm income. Not a huge deal by itself, perhaps, but it does start me thinking about other changes affecting the 2014 risk management plan for individual farms.

Considering grain crop risk management, I wonder how the crop insurance Projected Price this year will be different for last year. If I had to guess; I think the 2014 Projected Price for corn could be closer to $4.60 than the $5.65 we had last year. We may see a similar situation for soybeans. For our 2013 price risk management plan we had $12.87 for soybeans. For the 2014 crop we could see something closer to $11.00. Let’s use these guesses for an illustration of how our Revenue Protection policy guarantee could be affected.

<table>
<thead>
<tr>
<th>Crop</th>
<th>Yield</th>
<th>Coverage Level</th>
<th>Projected Price</th>
<th>Revenue Guarantee</th>
<th>Estimate Price</th>
<th>Revenue Guarantee</th>
<th>Net Change in Guarantee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn</td>
<td>140</td>
<td>75%</td>
<td>$5.65</td>
<td>$593</td>
<td>$4.60</td>
<td>$483</td>
<td>-$110</td>
</tr>
<tr>
<td>Corn Silage</td>
<td>20 T.</td>
<td>75%</td>
<td>$53.25</td>
<td>$799</td>
<td>$43.00 T.</td>
<td>$645</td>
<td>-$54</td>
</tr>
<tr>
<td>Soybeans</td>
<td>50</td>
<td>75%</td>
<td>$12.87</td>
<td>$483</td>
<td>$11.00</td>
<td>$413</td>
<td>-$70</td>
</tr>
</tbody>
</table>


Per acre revenue guarantees for both corn and soybeans in 2014 could be significantly lower than 2013. This makes me wonder if my risk is also lower. I’m not sure it is. Inputs costs are nearly identical so costs to put the crop out have not been reduced this year. My family living costs are not lower either.

We may want to keep our 2014 per acre revenue protection as high as feasible. To achieve per acre revenue guarantee in the above example near 2013 levels I need to consider securing a higher coverage level than was implemented last year. For example, if we have 65% level of coverage in 2013 consideration may need to be given of 75 or 80% coverage for 2014.

As we continue with the implications and considerations for a 2014 risk management plan; remember crop insurance premiums do not run parallel with the coverage. This is because higher levels of coverage reduce the deductible and increase the frequency for potential indemnities. Furthermore, the percentage rate of federal premium subsidy shrinks at higher levels of coverage. As we explore the scenarios available to us and work to balance revenue guarantee and cost; let’s also consider the implications of our farms’ unit structure. The premiums we pay are directly impacted by which unit structure we elect. Of course, our risk coverage is also impacted. Again the tradeoff between guarantee and cost is something we need to be fully aware of and then be comfortable with our decision.

In conclusion; the risks in production agriculture are many. From too little rain, too much rain, too high of a temperature to too low of a temperature through excessive pests damage and marketing price fluctuations the risk faced by farmers can be daunting. Fortunately, U.S. farmers have a wide range of crop insurance products available for use as they build an effective risk management plan and mitigate risk. The trend adjustment factors are updated each year. Therefore it is suggested that you discuss this option with your crop insurance agent because the enrollment and change deadline is March 17.

The four points addressed above include:

- Projected price levels look to be significantly lower for the upcoming crops
- Per acre Revenue Guarantees will likely be lower for 2014 crops
- Direct Payments may be discontinued
- There are many choices to be made when considering coverage levels and associated premiums

As we finalize paperwork from 2013 and gear up for another busy production season please consider putting an appropriate amount of time and thought into the question - Is your 2013 risk management plan adequate for 2014? March 17 is the decision deadline of most spring crops for crop insurance and the Noninsured crops Assistance Program (NAP) from FSA.

By John Berry, Educator, PSU Extension
**Available Resources for LGM Dairy**

To find more information on LGM Dairy, visit/call the following resources:

- U-WI Dairy Web:  [http://future.aae.wisc.edu](http://future.aae.wisc.edu)
- Information including is available from the Garden State Crop Insurance Education Team by calling (856) 769-0090.
- You can download recording from the following location:  [http://future.aae.wisc.edu/LGMDairy/recordings/Vermont_LGM_10_12.wmv](http://future.aae.wisc.edu/LGMDairy/recordings/Vermont_LGM_10_12.wmv)  (Be aware that this file is 158 Mb)
- PA Dept. of Ag maintains a variety of current charts, graphs and fact sheets:  contact is Karen Powell

**Upcoming Event: 2014 State Ag Convention**

At the February 5-6 convention in Atlantic City, there will be four “listening sessions” taking place over the two day meeting before the delegates. They will be:  definition of “locally grown” produce; the “microenterprise” concept for deed-restricted farms; crisis management; and a panel discussion on GMO food products, with a focus on the issue of mandatory labeling.

**Questions about crop insurance? Call a crop insurance agent or our toll free information line 800-308-2449**

Or visit us online at  [http://salem.rutgers.edu/cropinsurance](http://salem.rutgers.edu/cropinsurance)

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This newsletter is brought to you by the Garden State Crop Insurance Education Initiative, a partnership between the USDA Risk Management Agency, New Jersey Department of Agriculture and Rutgers Cooperative Extension of Salem County. For additional information about crop insurance, contact your crop insurance agent, locate a crop insurance agent at  [www.rma.usda.gov/tools/agent.html](http://www.rma.usda.gov/tools/agent.html), visit our website  [http://salem.rutgers.edu/cropinsurance](http://salem.rutgers.edu/cropinsurance) or call our toll free hotline 1-800-308-2449.

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