

October 7, 2016

GETTING A START

Bringing a young person into a farm/ranch operation presents challenges and is certainly not easy. One method of farm transition is with livestock, when there is ambition and desire to do the work. We have local examples with cattle, poultry and/or hogs. I attended an open house north of Friend last week looking at the latest technology in raising pigs under a contract. It was a brand new 2,400 animal unit swine facility wean-to-finish swine barn.

The barn is quite a difference compared to 20 years ago. Today almost 100% of the wean-finish and grow-finish facilities are constructed with full slats and deep pits. Almost all are either curtain sided (mostly grow-finish) or tunnel (wean-finish or grow-finish). To some extent, a concrete pit under the building to hold the manure resource for up to a year, is being driven by lenders and zoning regulations.

Wean-finish barns were not an option 20 years ago. All pigs went through a nursery before going to the finisher. While exact numbers are not available, a good guess is as much as 40% of the production in the upper Midwest is now wean-finish.

The father knew he didn't farm enough acres of land to bring his sons into the operation that wanted to farm and to purchase more land at over \$10,000 an acre was out of the question. It did not cash flow. So the possibility of contract farming and raising hogs was a way. It is quite a story that developed on the Saline-Seward County line north of Friend, now with two of the three sons involved transitioning into the farm operation. Take a look at the Paul Segner story that was published this year at: <http://www.nepork.org/hogs-provide-a-route-back-to-the-family-farm/>

Young farmers with a contract in hand from a reputable company can get approximately 70% of the loan through a bank, and through FSA's "Beginning Farmer" direct and guaranteed loan programs, it is possible to get up to a 90% loan on the new building. There will be maintenance over time but these new buildings and the technology being used are extending building life and some experts now say 25 years, even though the building asset will be paid in full in 12 years. The value and marketing of the manure resource are often overstated on swine building contract budgets. Make sure and calculate the nitrogen, phosphorus and zinc being produced along with the estimated costs of labor and equipment to apply. Manure can be an excellent value added resource for row crop production and if injected into the soil, the full value of nitrogen can be gained.

A key you won't see on the manure resource budgets and what farmers need to realize is the potential to boost soybean and corn yields beyond what we can measure using conventional fertilizer sources. Replicated research at UNL has proven 2 bu per acre increase in soybean yields and 7 bushel per acre increase in corn yields. For more detail, look at the following NebGuide at: <http://extensionpublications.unl.edu/assets/pdf/g1519.pdf>

Bringing a young person into a farm/ranch operation presents challenges. However, with the proper work ethic and plan, the business operation can accomplish numerous goals by helping the young person get a solid start in the operation, keeping the farm in the family, and hopefully ensuring a comfortable retirement for all involved. However, success does not come automatically; it requires effort. Blending a variety of talents and personalities into one farming operation takes planning, communication, and management.



An excellent Cornhusker Economics on Farm Succession and how to overcome barriers can be found at: <http://go.unl.edu/j2xk>

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