### BARNYARDS & UNIVERSITY OF WYOMING BACKYARDS (COBER 2013) BACKYARDS (COBER 2013) COBER 2013 COBER 2013 COBER 2013 COBER 2013

University of Wyoming Extension 🚳 Profitable & Sustainable Agricultural Systems 📠 Risk Management Agency

## Big Horn County producers look to partial budgeting to manage their risk – Part V

#### By James Sedman and John Hewlett

The HR Ranch managers in Big Horn County have considered several possibilities for addressing drought risk.

In this article, we look more closely at Vegetative Index-Pasture, Rangeland, Forage insurance (VI-PRF). This policy insures against losses in pasture or hay land forage by using a satellite vegetative greenness index for individual grid locations.

In the previous production season, the ranch purchased what could be considered minimum coverage – insuring at 70-percent coverage and a productivity factor of 90 percent of the county index value. These results are summarized in Table 1. The ranch's previous VI-PRF policy paid an indemnity of \$3,047; if this same loss had occurred using the maximum value policy, the total indemnity paid would have been \$26,006.

#### **Partial Budgeting Analysis**

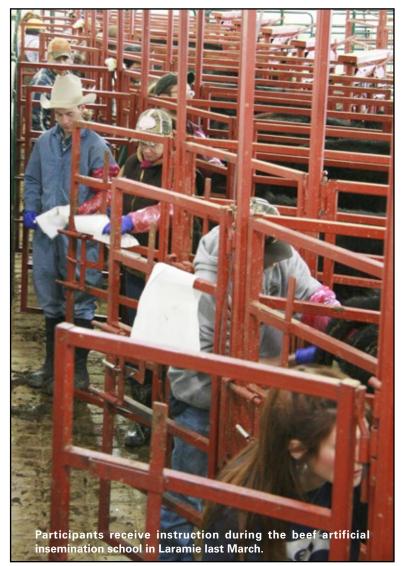
Using the simple partial budgeting tool from RightRisk.org, we first compare the net benefit of the HR Ranch's two insurance choices. First, the net benefit of last year's coverage choice is \$1,122. While this was a positive net benefit, the amount is not economically significant to an enterprise running 360 cow-calf pairs like the HR.

#### Table 1. HR Ranch VI-PRF Evaluation

		Coverage	Productivity	Coverage		Premium		Total
	Index value	(%)	factor	per acre		per acre		coverage
Previous year	8.72	70	90	\$	5.49	\$	0.36	\$ 30,195.00
Coming year	8.72	90	150	\$	11.77	\$	1.10	\$ 64,735.00

FOR MORE INFORMATION

We have previously discussed using partial, enterprise, and whole farm budgeting as part of an overall risk management strategy to address drought conditions. While the severity may have diminished in some areas, chances are most producers are still dealing with drought. Whether selling livestock, buying feed, changing tillage practices, changing crops, or adjusting insurance coverage, the strategies we have presented are only a sample of the alternatives every producer should consider in risk management planning. RightRisk.org is an excellent online resource for crop and livestock producers looking to manage risk in times of severe drought.



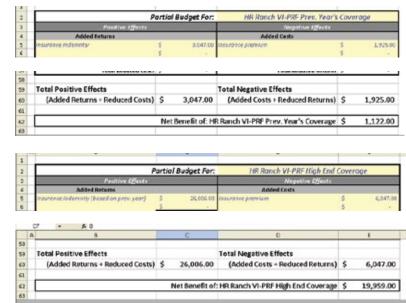
The enrollment deadline for VI-PRF insurance is November 15. Those interested in exploring this coverage for their own operation may contact an insurance agent using the Agent\Company Locator found under Quick Links on the RMA Web page at www.rma.usda.gov.

maximum coverage option showed total net benefits of \$19,959. While the premium costs were three times as great as the previous year's coverage, the indemnity paid, based on the previ-

Conversely, the

ous year's data, was dramatically different. Note that if the drought worsens, the ranch will be in a much better situation with the higher level of coverage (\$64,735). **Conclusions** 

While the HR's previous VI-PRF insurance purchase may have been relatively low cost, the net benefit of the indemnity was minimal - \$1,122. Take note when considering coverage levels because if supplemental feed is to be purchased as discussed previously, \$1,122 will not purchase much feed (especially if the drought is



widespread and feed prices high).

While spending three times as much for the high-end coverage may seem like a significant expenditure, the net benefit (if production is similar to the previous year) is considerably higher and gives the ranch more options when considering other management decisions, such as buying supplemental feed.

As with any insurance, higher coverage levels require higher premiums and the corresponding indemnity payment increases in the event of a loss. The return on investment is dramatically higher for the maximum coverage option. Insuring against the drought getting worse for \$1.10 per acre might be considered prudent management.

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# Beef AI schools help provide nutrition, bull selection, management tools to producers

#### By Kellie Chichester

University of Wyoming Extension beef management and artificial insemination (AI) schools have been held in two communities in Wyoming – Laramie and Riverton. The schools provide tools

#### **Riverton AI School**

The Riverton Al School is November 14, 18, 22, and 25, 10 a.m.-4 p.m. each day at the Fremont County Fairgrounds Armory. If interested in participating in the Riverton school, contact Ron Cunningham, extension educator in

and see what they are doing before moving to live animals.

The second through fourth days are more intense and topicspecific, with afternoons again spent with hands-on opportunities.

All materials and equipment are provided through course fees and sponsorship. The school is designed for those new to artificial insemination or producers who are looking for a refresher course prior to the breeding season. The Wyoming Beef Management and Artificial Insemination School has a long-running reputation for consistency and professionalism. With the cost of bulls and feed increasing, we are seeing a rise in interest. The school offers plenty of hands-on opportunity with a chance for one-on-one interaction with the instructors.

to producers including nutrition, bull selection, management, and artificial insemination in beef herds. The Riverton school was first held in 1986, and more than 400 participants have completed the four-day school at the Fremont County Fairgrounds Armory.

More than 30 have attended the two years the schools have been at the Laramie Research and Extension Center. Participants include a mix of beef producers and college and high school students with an interest in beef management and AI technologies.

Both schools include a combination of classroom and hands-on instruction. Teachers are extension educators and specialists along with graduate students, and are supported by Select Sires, which supplies manuals and other items.

#### Fremont County, at 307-332-2363.

The first day, participants spend the morning learning about anatomy and benefits of AI and factors that can affect AI success, such as herd health and nutrition. The afternoon is hands-on with preserved reproductive tracts where participants can practice techniques



UW Extension educator Ron Cunningham of Fremont County helps a participant during the beef Al school in Laramie. Cunningham is also an instructor at the Riverton school. Kellie Chichester is a University of Wyoming Extension educator serving southeast Wyoming. She can be reached at (307) 721-2571 or at kelliec@ uwyo.edu.