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Wisconsin State
FSA Office
6515 Watts Road
Madison, WI
53719-2726

PH: 608-276-8732
FX: 608-271-9425

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Contacts: Ray Ellenberger (608) 276-8732, Ext. 103
Teresa Jackson (608) 276-8732, Ext. 141
teresa.jackson@wi.usda.gov

NOTE TO EDITOR: Digital photographs that correspond to this story are available in both TIFF (uncompressed - CMYK color separated) and JPEG format. To download, go to <http://www.fsa.usda.gov/wi/pictures> If you would like them in an alternative format, contact Teresa.Jackson@wi.usda.gov. Photos are not copyrighted, and written consent for media use has been obtained by USDA. [776 Words]

Dairy Starts, Grows With Unique FSA and Bank Partnership

Starting farming isn't always easy, especially milking cows. But a Cuba City native made a successful start and is now modernizing his family's 200 cow dairy.



(L-R) Jeff Gruetzmacher of FSA, Aaron Leibfried, and Jeff Miesen of Mound City Bank.

Aaron Leibfried, 28, worked as a carpenter until 5 years ago when he and his wife, Julie, decided that they wanted to make farming their future. Both growing-up on their family's dairy farms, they knew the commitment needed to make it go. Aaron and Julie, a county nurse, have 2 boys with another child due soon.

Based on neighbor's advice, they went to see Jeff Gruetzmacher, loan officer with Farm Service Agency (FSA) in Lancaster. Aaron stated, "Jeff was interested in helping me start farming. I couldn't offer much but my family's help and my own will." Only having a truck loan

before, Aaron was surprised what ag lenders ask for. "They want a plan. Not just what I need, but where I've been, where I am today and where I want to go," said Aaron. "It's good, because it makes you think ahead."

After a neighbor gave Leibfried the opportunity to buy part of his 60-cow herd, they received a direct loan from FSA. "This was the chance I was looking for, otherwise I wouldn't be farming," said Leibfried of the help from his neighbor and FSA. Aaron's family helped out too, supplying equipment and labor in the start-up. "It's very important for anybody starting up to have either family or somebody to turn to," said Gruetzmacher.

FSA mostly makes loans to beginning farmers and those modernizing their operations. FSA, part of the U.S. Dept. of Agriculture, has two kinds of farm loans: direct loans, and loans made by another lender, but backed-up by a FSA guarantee. They also can pay 4% of a farmer's interest costs.

Two years ago, a neighboring farm came up for sale. With the help of a FSA direct participation loan, the Leibfrieds were able to borrow the money needed for the farm down payment. The farm is going to be certified organic in October. According to Leibfried, becoming organic means that

they will have a better and more stable milk price, currently the regular milk price is approximately \$11.30 per hundredweight and the organic milk price is approximately \$17.00 per hundredweight. They have a 21,000-pound herd average.



View of the walk-through parlor.

“Last fall, my parents, uncles, and I made the decision that in order to make a decent living and grow, we needed to pool everything,” Leibfried said. “Labor savings and cow comfort make this whole thing work better.”

They turned to Jeff Miesen of Mound City Bank to help them combine their financing into a FSA guaranteed loan. “The Leibfried family is an exceptional reason why there will be a future in dairying in southwest Wisconsin,” Miesen said. “They have a good focus on the future.” Being a FSA Preferred Lender makes financing operations like theirs much easier, too. “We’re able to make

quick decisions with little paperwork,” Miesen said. Mound City Bank has about a third of their \$25 million ag loan portfolio guaranteed by FSA.

Leibfried Dairy Farms LLP operates several farms, with 200 cows being milked at two locations. “The plans are to eventually combine all the cows on my farm,” Leibfried said. “We just put-in an inexpensive walk-through parlor and built one 84 cow free-stall. Now we just need more free-stall space and more manure storage.” They’re looking at options like the new state Ag Zone tax credits to help with modernization costs. “Farmers need to know what incentives and other breaks are out there to help them because we’re a business too,” Leibfried said.

“We’re committed to be partners with lenders and producers,” said Gruetzmacher. “The Leibfrieds are a good example of how FSA helps new farmers start-out and existing ones grow. Our local economy and job-base depends on agriculture and the infrastructure growing,” notes Gruetzmacher.

FSA State Executive Director, Ben Brancel, shares those goals. “We have a real role to play in helping our farmers. FSA’s leadership and financial help, combined with the commitment shown by lenders like Mound City Bank, are important to the success of many Wisconsin farmers and communities,” said Brancel.

Aaron’s advice for anyone wanting to start farming or modernize their operation is three steps: “Look around and talk to other farmers who’ve done the same thing. Second, know where you are at financially. ‘Can I afford this and what are the real reasons I want to do this’ are questions that you need to ask,” said Leibfried. The third is talk to your lender early on. “Lenders are interested in not just lending you money, but your future too. They’re somebody that can ask the what-ifs. Outside advice is always good.”

A virtual tour of the Leibfried dairy is on-line at <http://www.fsa.usda.gov/wi/pictures>.

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