

ISU Dairy Specialist Responds to Dairy Profit and Quality of Life Concerns

A.S. Leaflet R2609

Larry Tranel, ISU Extension dairy field specialist

Problem Statement:

2009 was a difficult year for the dairy industry. Low milk prices and high feed prices combined to give losses on many farms between \$500 - \$1,000 per cow for the year causing both negative cash flows and losses of equity position. Because of the serious profit issues, dairy producers needed to fine-tune not just their financial management but their herd management, facility management, and their personnel management as well.

Programmatic Response:

The ISU Dairy Team initiated meetings around the state on the Dairy Financial Crisis and also presented the issue at their Dairy Days. As a follow-up to these meetings, dairy field specialists highly encouraged farm visit follow-ups to further deal with the broad array of issues that can help producers survive the current financial crisis. A survey was sent to 55 producers in May, 2010 that had been worked with in the preceding two years and 36 producers returned the survey. Below are the numbers of producers who were assisted with each topic area:

Dairy Herd Management:

- 6 Milk Quality/SCC
- 10 Nutrition/Feed Quality
- 9 Herd Health/Reproduction
- 5 Heifer Management
- 13 Rotational Grazing

Dairy Financial Management:

- 18 Calculating Milk Production Costs
- 17 Financial Benchmarking
- 8 Dairy/Heifer Budgeting
- 19 Managing Dairy Farm Finances
- 25 Dairy TRANS Financial Analysis

Dairy Facility Management:

- 19 Milking Parlors/Equipment
- 16 Dairy Housing/Cow Comfort
- 17 Labor Efficiency/Ergonomics
- 2 Manure/Environment/Energy
- 7 Ventilation/Cow Comfort

Personnel Management:

- 9 Farm Family Relationships
- 8 Employee Training
- 4 Hispanic Labor

Other Areas not listed: Share Milking

Outcome Statement:

The 36 surveys rated the teaching and consulting effectiveness of this dairy field specialist; his value in assisting dairy farm management decisions; and his impact in the profitability of the dairy farm. The data below depicts the annual total economic value of these dairy farm follow-up visits:

1. How would you rate the **teaching or consulting effectiveness** of the dairy specialist?

<u>28</u> Excellent (78%)	<u>8</u> Good (22%)	
<u>0</u> Fair	<u>0</u> Poor	n=36
2. Did you find the dairy specialist **valuable** in assisting you in dairy farm management decisions?

<u>34</u> YES (100%)	<u>0</u> NO	n=34
----------------------	-------------	------
3. Did the dairy specialist have a profit impact in the profitability of your dairy farm?

<u>35</u> YES (100%)	<u>0</u> NO	n=35
----------------------	-------------	------
4. Please list any *estimated* gross dollar or production improvement ISU Extension dairy specialists have had:
 - a. \$ 217 per cow (**\$112,840**), \$ 45 per acre (**\$22,050**) or \$ 90,000 per farm (**\$360,000**)

104 cows in herd	<u>245</u> acres operated
n=5, n=2, n=4 above respectively	
 - b. Milk production increased 9.0 pounds per cow/day (**\$358,722**) n=7
 Milk production increased 250,000 pounds per FTE/yr (**\$75,000**) n=2
 Milk production increased 2,167 pounds per cow/yr (**\$101,415**) n=3
 - c. Somatic Cells (SCC) decreased 146,000/cow (50%)
 n=6 x 104 cows x 200/cwts./cow x \$.40/cwt = **\$49,920**
 n=6 x 104 cows x 375 lbs i/cow/yr x \$.15/lb. = **\$35,100**
 - d. Feed costs decreased by \$ 0.70 per cow/day (**\$53,144**) n=2; or by \$.50 per cwt. of milk produced (**\$14,000**) n=1

TOTAL ECONOMIC IMPACT: \$1,182,191

Dairy producers were asked to comment on impact regarding profit and quality of life for themselves, their family or employees along with strengths and weaknesses of the dairy field specialists performance. Though many of these quality of life impacts are difficult to quantify, they assist in seeing the value of Extension professionals. Here are some of their comments:

Iowa State University Animal Industry Report 2011

*Good down to earth person that tells you what actually works...a nice person to talk with...respectful. *The impact on my farm has been great...put in a low cost parlor and now I milk more cows with less labor...children enjoy milking and I can let them milk if needed or get done earlier to get to their sports events....very lucky to have as our extension agent...always been able to answer my questions.

*...helped on income tax returns and advised an amended return which helped... *I started out by taking seminars for beginning and transitioning dairy farmers...were absolutely outstanding...particularly surprised by how many active farmers came in and talked about real issues...probably the most useful class I ever took....helped me design a milking parlor and convert to rotational grazing...helped me avoid many mistakes on my parlor and grazing system...had complications with my bank later, helped me to successfully make my case to the bank. When my milk company Organic Valley began a quota that would have severely damaged me, helped me write an appeal letter I received a bigger base of 1,750,000 lbs--that's 450,000 lbs. more at \$25 cwt = \$112,500 annual increase... don't think I could have made it through everything without dairy specialist.

*Dairy specialist has a keen interest in seeing dairy farmers be competitive and financially viable, especially the more environmentally friendly grazing dairy farms. *...has helped us in many ways-- efficiency on the dairy and also is a great source of information...when I have a question I will call and if doesn't have an answer will call me with the one who does...great source of information.... great asset to our dairy operation. *Gave well rounded advice, different points of view were great, looking out for our bottom line was appreciated, will have back again as our operation starts to expand.

*Good asset to ISU Extension. *Has always been very good at being able to help me understand the financial impact of changes/improvements in the way we operate and manage our farm. Has deep understanding of \$\$ is complemented by practical know-how. *I have nothing but praise for our dairy field specialist. Has a wealth of knowledge. Has always promptly tried to be of assistance. I can't imagine anyone doing better or more. *We are a start up goat micro dairy making fresh cheese to select Farmer's Markets. Early in our planning our dairy field specialist met with us. We had a valuable conversation talking about many things. Some things they brought up we hadn't thought of. Other things we were encouraged us to pursue...very grateful that dairy specialist met with us...appreciate the articles online. That was also valuable. *My business has totally changed since putting in the swing parlor designed with help by dairy specialist. I now manage twice the cows in the same amount or possibly less time. I now focus more on financial management of my business (which dairy specialist helps me to understand). Quality of my life and family life has

improved tremendously, I can now start to fore see my future in dairy. It's financially difficult at times, but I believe dairy specialist has helped me get to the point where I cannot only survive but thrive in my career. Doubled cows in herd without hiring regular labor. If only dairy specialist could do this again.

* Huge asset. Great to see such knowledge. Awesome willingness to teach. Worth the tax dollars! * Dairy specialist made us really stop and think about our expenses. Also helped us see how to get production up. *...was very instrumental in helping me start up my dairy farm...provided me with all the information I asked regarding location and design of parlor and housing...put together a grazing program. When I was having milk quality issues, gave me ideas and also introduced me to campus specialist, Leo Timms for more support. Dairy TRANS program also showed us how unprofitable we were and took a lot of the emotion out of the decision to quit milking. But it also inspired me that if we can get control of our input costs that we can get back into milking and be profitable. I cannot put into words my appreciation for our dairy specialist...was **always** willing to help me with whatever I needed. THANKS !! *Dairy specialist is an excellent Extension person.... not afraid to tackle any problem. *We are just in the planning stages of our expansion. So far dairy specialist is doing a great job. We look forward to working more with dairy specialist in the future!

*Dairy specialist's presentation and information helped me decide which farm to select to purchase to continue my goal of owning my own dairy farm....information on share-milking originally got me into dairy farming with a senior farmer. The share-milking information was extremely valuable. *Dairy specialist explains items well....understands farmers and talks in terms farmers can understand and put items into use! *With helpful financial management, I was able to purchase the grazing dairy farm from my parents. Financially I had to produce more income and I did this through a team approach by changing my feeding and increase the quality of my pastures and forages! *We bought a farm and transformed it into a Management Intensive Grazing operation. We installed a double 12 swing parlor into the existing barn. We built 300 ft. fence line feed manger and improved our "quality of life" by reducing chore time (FTE) and increased cows to 140 cows on 150 acres grazing. *Dairy specialist has had an impact on how I am thinking of setting up my dairy farm. He has also had an impact on my decision making as to what I should invest in first as I begin my dairy business.