

Siouxland Dairy Lenders Seminar Focus On Dairy Enterprise Issues

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Summary and Implications

Agricultural lenders in the six Northwest Iowa counties serve over 100 dairymen, representing production from over 57,000 cows. Add to that Siouxland producers in the surrounding states and the numbers double. A review of programming for dairy lenders in Siouxland found that little programming had been directed to dairy lenders specifically in recent years. With the stresses of low milk prices, variable feed prices and high land prices, lenders were often using dated budgets and formulas to evaluate profitability of dairy enterprises. A Dairy Lenders Seminar for the Siouxland area was developed based on the Tri-State Lenders Conference (IA, IL, WI) as a template, conducted and evaluated in November 2017. 41 lenders came from four states, representing 14 lending institutions plus four other industries. From those that returned program evaluations their attendance translated to 65 dairies, 69,725 milking cows and 97,400 acres producing feed for those cows. Overall, 88 percent of respondents were mostly, or completely satisfied with the activity and 100 percent would recommend the activity to others. In addition, 65 percent anticipated benefiting economically as a direct result of what they learned from this Extension activity. When asked about the presenters, 100 percent were mostly or completely satisfied with their knowledge and responses to questions. Over 73 percent of the lenders indicated that one or more of their clients planned on expanding their herds; Fourteen percent predicted at least one of their clients would exit the industry; and 17 percent believed that one or more of their clients would add robotic milkers to their operations. We evaluated increase in the level of understanding and found that the highest change was in the understanding comparing profitability of conventional, organic and grazing dairies at 88 percent. Next, was dairy component markets and how it affects farm-gate prices plus the information on analyzing enterprises for profitability, both at 55 percent. Finally, plans to adopt a practice or technology as the result of a program is the truest measure of success for Extension programs, with 100 percent of respondents indicating the commodity market updates would be most likely. Overall, this initial Siouxland Dairy lenders Seminar was highly successful and will be held annually in the future.

Introduction

Agricultural lenders in the six Northwest Iowa counties serve over 100 dairymen, representing production from over

57,000 cows. Add to that Siouxland producers in the surrounding states and the numbers double. A review of programming for dairy lenders in Siouxland found that little programming had been directed to dairy lenders specifically in recent years. A Dairy Lenders Seminar for the Siouxland area was developed based on the Tri-State Lenders Conference (IA, IL, WI) as a template, conducted and evaluated in November 2017.

Materials and Methods

The longevity and success of the Tri-State Lenders Conference made it a logical template for creating a new educational program directed at dairy and ag lenders in Siouxland.

Following the format of recent Tri-State Ag Lenders Conferences, the topics identified included: commodity market updates, milk market update, ag weather/forecast, enterprise benchmarks for different types of dairies from the Millionaire Model data and an overview of how the Federal Reserve System influences agriculture. Presenters were selected who held national standing in their area of expertise.

Timing of the program was important to be prior to annual loan reviews to allow lenders to utilize the knowledge they gained from the program.

Finally, by partnering with the four state bankers associations, we were able to market to a broader client base and benefit from their status with member banks. In addition, invitations were extended to farm managers, crop insurers, Farm Service Agencies, and accountants.

Results and Discussion

Ag lenders from across Iowa, Minnesota, Nebraska and South Dakota heard top professionals in commodity markets, weather prediction, enterprise evaluation and federal policy share their insights on November 2 in Rock Rapids, IA.

The program was evaluated with a pre-post retrospective tool at the conclusion of the day with 17 of the 41 participants responding for a response rate of 41 percent. Concerning the demographics of attendees, 94 percent were male, identified as white with only six percent self-identifying as other. The most common age range was 30 to 49 with 47 percent, followed by 50 to 69 with 35 percent. The 41 lenders came from four states, representing 14 lending institutions plus four other industries. From those that returned program evaluations their attendance translated to 65 dairies, 69,725 milking cows and 97,400 acres producing feed for those cows.

Overall, 88 percent of respondents were mostly, or completely satisfied with the activity and 100 percent would

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recommend the activity to others. In addition, 65 percent anticipated benefiting economically as a direct result of what they learned from this Extension activity.

When asked about the presenters, 100 percent were mostly or completely satisfied with their knowledge and responses to questions; 94 percent were mostly or completely satisfied with the timeliness of the information; and 88 percent were satisfied with the relevance of the examples used.

We also asked for lenders to identify the number one economic issue affecting their dairy clients. From those that answered that question, the most concerning were milk price (32% of the responses) and labor issues (24% of the responses). Other issues identified included permitting, marketing, land values and generational transfer.

Lenders were also asked to predict the percentage of their dairy clients who would expand, exit the dairy industry or add robotic milkers to their operations in the next five years. Over 73 percent of the lenders indicated that one or more of their clients planned on expanding their herds; fourteen percent predicted at least one of their clients would exit the industry; and 17 percent believed that one or more of their clients would add robotic milkers to their operations.

We evaluated the increase in the level of understanding and found that the highest change was in the understanding comparing profitability of conventional, organic and grazing

dairies at 88 percent. Next, was dairy component markets and how it affects farm-gate prices plus the information on analyzing enterprises for profitability, both at 55 percent.

Finally, plans to adopt a practice or technology as the result of a program is the truest measure of success for Extension programs. With 100 percent of respondents indicating the commodity market updates would be most likely used followed by 69 percent planning to use the information from the dairy market outlook. Over 70 percent are using or plan to use the information on the Federal Reserve System. The information on the actual cost of labor and enterprise budget information from the Millionaire Model data received the lowest intent to adopt scores at only 58 and 25 percent, respectively.

Acknowledgements

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