

Dairy Management Column

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Better Dairy Income Promotes Farmland Preservation

Farmers, especially dairy farmers, stay on the land and farm it as long as their income exceeds their expenses. This is a simple formula for achieving farm preservation, a situation desired by so many now, particularly non-farm people.

Yet this "simple" formula for farmland preservation is not independent of the total market economy of the state, the country and the international market. Non-farm people outnumber farm people in the United States, and their interest in cheaper food prices influences policymakers more strongly than the demands of farm people for a better income. Current policy debates in Washington actually include reducing the price the farmer gets paid for milk. This,

ironically, militates against the efforts of farm preservation through better farm income.

Actually, better income really means better net income, which comes from more than one direction. Since dairy farmers have little if any, influence over the price of milk they receive per 100 lb., they can only choose to receive it as wholesale, or better, as retail. Most dairy farmers have shied away from this, because they'd rather work with the cows and fields than with people at the retail level.

If the milk price per 100 lb. is fixed, what are other income options? One option is to add more cows. Many farmers have chosen this course. However, while more dairy cows produce more milk income, they also create greater expenses in feeding, breeding and keeping them healthy. So, what else can farmers do: Make the existing number of cows produce more milk per cow.

Many farmers have succeeded in this direction in the last 30 years. Much of my work at the Delaware Agricultural Experiment Station and in DHIA has included this objective. But again, though more milk per cow means more milk income, it also means greater feed expenses, veterinary care costs and replacement costs. Neither option is a "simple" formula for more net income, nor do they achieve much progress towards dairy farm preservation.

By definition, net income is the difference between gross income and expenses. Okay, then, if increasing the gross income is not a strong solution, then how about decreasing expenses. Which ones, you ask? Feed? Yes, it makes up half of all milk production costs. Do you have a personal computer, or access to one through an adviser, which can track "least-cost" feed ration changes monthly or biweekly? A lot of cash expenses can be saved by feeding the same

daily pounds of energy, protein, fiber, calcium, phosphorus, bypass protein, fat, etc., from a different group of feeds and from a different combination with farm-grown forages and grains.

In addition to "least-cost ration" feed cost savings, a personal computer can also take over individual feeding of cows through the transponder identity control of individual cows. The investments are small compared to the enormous improvements in income above feed costs realized in only two years, as we have found at the University of Delaware Agricultural Experiment Station. Group feeding of cows, though better than none at all in loose-housing systems, is wasting money compared to computerized individual cow feeding in loose-housing systems.

Farm-grown forage use is another underappreciated option. In recent years an increased amount of forage rye, oats, wheat, barley and vetch grown in the

mid-Atlantic region has been used for dairy cows. They are also used as fall and spring supplementary pasture or haylage in wrapped large bales or in air-controlled silos, or as silage and as hay. This has effectively become a "less" or "least"-cost dairy ration without lowering production. Amazingly, in this region, forage rape, brassica or canola has not become popular, while in continental Europe these are valuable supplemental dairy forages.

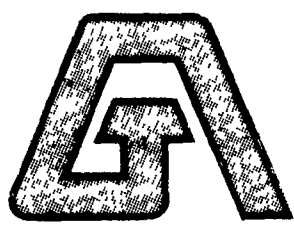
Another option, the wrapper of big bales with or without ammonia, is an inexpensive and powerful alternative to expensive silos for haylage, and for haymaking. Labor costs are low compared to traditional small hay baling. Thus, "least-cost" and individual cow feeding computer programs, forages and new wrapping machinery can really lower expenses and increase net income.

What other costs can be lowered? Housing? Not really, unless you change from stanchions to loose housing in this region, or move to Florida! Veterinary? Not too much can be saved in medicines or pesticides unless you shift to organic farming. However, one big option remains for too many farmers: loan and mortgage payments. The solution for too many farmers is to sell all cows and start over again from heifers. Will the farmer actually start over again? Probably only if the farmer can see prospects for a clear positive net income, otherwise another dairy farm is sold and lost to housing developers.

The future for farm preservation, at least the dairy way, must focus on how to make a better net income on the farm now and strengthen policy supporting this idea. The next generation of farm youngsters will not mind taking over the farm if they see a future for themselves. Farmland is then preserved and probably more green space, too, because more pastures and more hay crops also mean fewer dairy expenses.

One final thought on policies for farmland preservation: why do Americans who are company or government employees get pensions, as do dairy farmers in several European countries, while American farmers have none? A farmer with a reasonable retirement pension does not have to sell his farm to cover his old-age financial needs. This is an ideal solution to farmland preservation questions.

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