

Budgeting for organic dairying

Abstract:

The PI identified the major types of farms producing organic milk based on typical breeds, production level and amount of grains fed. This information served as the basis for developing the nine organic dairy budgets.

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The budgets show that at current organic milk prices, all the nine systems surveyed can be profitable depending on management.

What was done and why?

Organic dairy, from production to consumption, has benefitted from increased interest and expanded consumer choices over the past decade. Milk production plants that accept and process organic milk have noted higher demand for organic milk supplies.

For one major milk cooperative, the amount of organic milk sales and number of organic dairy producers have averaged double-digit growth yearly for the past the past 12 to 14 years. However, despite the rapid growth in organic agriculture in general, there was a lack of information to help producers make educated business decisions relative to the profitability of organic dairying. This project aimed to create organic financial management budget resources similar to the ones available from ISU Extension for conventional dairy production.

Iowa dairy producers who were surveyed expressed both the need and desire to have better financial budget and benchmarking information available to assist their dairy farm business planning. ISU Extension and Outreach dairy and farm management field specialists already had conventional and pasture budgets under development. Organic dairy producers requested similar budgets specific to their dairying operations. CROPP/Organic Valley Cooperative, a leading dairy organization, also encouraged the development of organic dairy budgets.

What did we learn?

The created resources include nine financial budgets, usable with different management and herd structures, along with a related publication. In addition to the individual budgets, summary spreadsheets comparing all the organic systems and the rations for each of the budgets were created. These resources are available on the ISU Extension's Dairy Team website for public use and have been promoted through Extension's dairy e-newsletter and mailed newsletter to all dairy producers in the state of Iowa. They can be accessed at: <https://iastate.box.com/v/ISUEO-DairyBudgets>

An anticipated outcome is continued development and promotion of the organic dairying system. The budgets provide a helpful resource for farmers and the profitability they show in their operations will help promote the organic dairy business. Those interested in organic production will see that it tends to be a system of reduced price risk and sustainable methods for Iowa dairy producers.



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