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FOR SUSTAINABLE AGRICULTURE

Sustainable economic development through organic and grazing dairy farm establishment and transition

Abstract: This project aimed to increase the number of grass-based and organic dairies in Iowa. However, progress was stymied by the severe 2008-09 economic downturn that kept beginning dairy farmers from getting into the business, and also forced some current producers who were candidates to transition to alternative methods to exit the business.

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More details:
www.leopold.iastate.edu/research/grants/2010-3/D2007-01.pdf

These model farms were very profitable in most years and still at least broke even, covering all costs, in the low milk and high feed price year of 2009. So, Iowa dairy producers can be assured that the model is viable and sustainable, though not without risk. The model can support a young family as a starting point, but just as importantly, the model can grow to even a more profitable scale.

What was done and why?

This project was designed increase the number of grass-based dairy farms in Iowa, specifically beginning (young producers and students) and organic dairy producers in eastern Iowa. Conventional producers transitioning to grazing and/or organic also were targeted to help their profitability. The project also offered technical production assistance to targeted producers and their consultants/advisors (i.e., lenders, nutritionists, veterinarians, milk equipment vendors, etc.).

The farm business planning and development activities and materials included technical training for production assets. The investigator focused strongly on facility assessments to improve dry matter intake, cow comfort, labor efficiency and pasture/organic development. Labor efficiency training included the whole farm, but also specifically targeted the use of lower cost milking parlor and housing options.

What did we learn?

Participants had the opportunity to list any estimated dollar or production improvement related to their interaction with the PI or ISU Extension. Eight respondents had an average herd size of 113 cows, which is fairly representative of the herds in the study. Three respondents indicated an average improvement of $266.67 per cow, or a $90,401 annual impact on these herds. Four herds noted improvements of an average of $90,000 per farm, or $360,000 total. One herd indicated an $85 per acre improvement over 120 acres or $10,200 annual impact. Five herds indicated a 165,000 decrease in somatic cell count score. This is estimated to increase milk production 400 pounds per cow per year and increase milk premiums $0.30 per hundredweight of milk sold. This yields an impact of $31,640 of additional total milk sales and $33,900 in added total milk price premiums annually. One producer cited decreased feed costs of $1 per cow per day with 150 cows for feed savings of $54,750 annually. Another producer indicated feed costs reduced by $0.50/cwt over 90 cows for feed savings of $9,000 annually. Total estimated improvement to these eight dairy operations was $589,891 annually, or an average of $73,736 per farm.