

HOW DAIRIES ARE DEALING WITH THE CURRENT ECONOMIC SITUATION: IMPACT ON FORAGES

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ABSTRACT

A mail-in survey was conducted to evaluate the impact of the current economic situation on Idaho dairies and to identify trends in forage use. The survey was mailed to every dairy producer registered in the state of Idaho. Dairies were categorized as small (n < 201 cows; 48.8%), medium sized (n = 201 to 1000 cows; 30.2%) or large (n > 1000 cows; 21.0%). All the respondents were dairy owners that used alfalfa hay in their lactating cow's ration. Twenty six percent of respondents indicated that cost and/or price limited the use of alfalfa hay on their dairies. Quality, constraints from nutritionists, and supply were cited by a smaller percentage of respondents as important factors. During the crisis, 35% of respondents reduced the amount of alfalfa hay stored on their dairy. No significant reduction was encountered in the amount of alfalfa hay used in the ration while minerals, vitamins, additives, grains, and protein supplements were reduced. Several of the dairy producers were very preoccupied about the severity of the current crisis.

Key Words: dairy, economic crisis, forages

INTRODUCTION

The dairy industry has experienced a severe collapse in milk price during the last year. Prices have fallen drastically to their lowest levels in 30 years while cost of production remained at historic high levels creating a very challenging financial situation for dairy producers. Most dairy owners continue to struggle to keep their business afloat. A survey was designed to evaluate the impact of the current economic crisis on the dairy industry in the state of Idaho and to identify trends in the use of forages in dairy cow rations.

PROCEDURES

A draft questionnaire was reviewed by University of Idaho personnel and extension specialists, and feedback was incorporated in the final version. The final questionnaire was mailed by first class postage to all individual dairy producers in the state of Idaho (n = 518). Questions on the survey were a mix of open- and close-ended questions with multiple choice where applicable. Following a protocol outlined by Dillman (1978), an initial survey, cover-letter and postage-paid return envelope were mailed to dairies. A postcard reminder was sent two weeks afterward. The

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data gathered were categorical. The PROC SURVEYMEANS of SAS (SAS Inst., Inc., Cary, NC) was utilized to produce estimates of survey proportion in each category. Some participants chose not to answer all the questions; thus, the reported percentage was the percentage response to the individual question. Some questions allowed several answers, and, thus, data might not add to 100%. The results reported in this paper are preliminary because at the time of printing we were still receiving survey responses.

RESULTS AND DISCUSSION

Forage use on Idaho Dairies. To obtain basic information about Idaho dairies, the survey included questions about operation leadership, dairy size, and location. Dairies were categorized based on current herd size. Herd size categories were small (<201 lactating cows), medium (201 to 1000 lactating cows), and large (>1000 lactating cows). All the individuals completing and returning the surveys were dairy owners. The largest number of survey participants represented small (48.8%) dairies followed by medium-sized (30.2%) and large (21.0%) dairies. Small dairies averaged 87 cows, medium sized dairies averaged 518 cows, and large dairies averaged 1697 cows.

All respondents used alfalfa hay in their lactating cows' ration with an inclusion rate in the forage base varying between 10 and 100 %. Respondents were asked what limited the use of alfalfa in their ration. The answer to this question was open ended with 26% of respondents indicating price and/or cost as a limiting factor and 19% of respondents indicating nothing limited the amount of alfalfa in their ration. A smaller percentage of respondents cited quality (14%), constraints from nutritionists (14%) and supply (9%) as important factors. Only two respondents indicated that price of other forages affected the use of alfalfa hay in their rations. This demonstrates that alfalfa is still a very important part of the western dairy ration.

The survey asked participants to rate the importance of several issues related to the use of forages in lactating dairy cows from 1 = highest to 9 = lowest. Results are summarized in table 1. The answers to this question were very variable with every issue being rated 1 or 8 at least once.

Table 1. Importance of several issues associated with forages in lactating dairy cows

<i>Issue</i>	<i>Importance (1 = highest; 9 = lowest) ± SE</i>
Price per unit of energy	3.5 ± 0.5
Consistency of forage quality	3.6 ± 0.4
Price per unit of protein	3.8 ± 0.4
Fiber (NDF) value	4.0 ± 0.4
Availability	4.4 ± 0.5
Forage quality laboratory test	4.6 ± 0.6
Forage dry matter	5.0 ± 0.5
Ease of storage	5.8 ± 0.5
Transportability	6.6 ± 0.5

Dairy producers were asked about the levels of ADF, NDF, CP, RFV, NDFD, RFQ and TDN they seek in forage analyses for alfalfa. Table 2 includes the summarized values for CP, ADF, NDF and RFV. Fifty eight percent of respondents listed a value of RFV compared to only 11.6 % that listed a value for both RFV and RFQ indicating that the majority of dairy producers are more familiar with RFV than with RFQ. CP, ADF and NDF are also commonly used to evaluate quality of alfalfa hay. On average, dairy producers in the state of Idaho seek alfalfa hay that has a minimum 177 RFV, 20 % CP and a maximum 29 % ADF.

Table 2. Idaho dairy producers seek the following values in forage analyses for alfalfa hay

<i>Component</i>	<i>Value ± SE</i>	<i>Minimum</i>	<i>Maximum</i>
CP, %	More than 20.4 ± 1.9	18.0	24.0
ADF, %	Less than 29.1 ± 0.4	25.0	32.0
NDF, %	Less than 34.3 ± 1.1	29.0	40.0
RFV	More than 177.4 ± 2.5	150.0	200.0

Impact of the economic crisis on Idaho dairies. Several questions were included to gain an understanding of the economic situation effect on forages and rations on dairies. Thirty five percent of respondents indicated that, since this economic crisis has started, they have reduced the amount of alfalfa hay stored on their dairy. The amount of alfalfa hay used in the ration, however, does not appear to have been impacted with 70% of respondents indicating they did not change the amount of alfalfa hay included in their ration compared to 16% who increased the amount of alfalfa hay fed to lactating cows and 14% who decreased that amount.

The most drastic change in ration was observed in minerals, vitamins, and additives' supplementation with 44% of respondents indicating they have decreased the amount used in the ration. Grain and protein supplements were also significantly reduced in 37 and 26 % of the dairies respectively. This is in contrast with the relatively small change observed with alfalfa hay inclusion rate which could indicate that dairy producers consider alfalfa hay to be a cheaper source of protein and digestible fiber than other components of the ration.

Dairies economized in every way they can by culling heavily, eliminating new equipment purchases and capital expenditures that do not have short term pay offs, lowering medication costs, purchasing cheaper semen, trimming labor, reducing employee benefits, purchasing cheaper teat dips and keeping low inventory of supplies. We asked dairy producers how long it would take them to eliminate the debt they had accumulated since last fall. The answers varied from 6 months to 5 years. A dairy producer indicated that most dairies have depleted equity and worried that another crisis in the next two years will lead to an exodus of the industry.

Dairy producers were asked what measures they would prefer to see implemented either by the government, industry initiatives or individuals to reduce the risk of volatile milk prices in the future. The response to this question was very variable with some dairies favoring a quota system and other dairies wanting the government completely out of the picture.

CONCLUSION

This study provides important timely information about the impact of the current crisis on the dairy industry. We conclude that during the crisis, dairy producers reduced the inventory of alfalfa hay stored on their facilities but did not decrease the amount included in the ration. Other components of the ration were, however, reduced. Dairy producers implemented a wide range of cost savings techniques. Most dairy producers are still worried about the future of the dairy industry.

LITERATURE CITED

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