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# Balanced Dairying PRODUCTION

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## EXTENSION DAIRY SPECIALISTS

*Chris G. Woelfel*

Chris G. Woelfel  
Michael A. Tomaszewski  
College Station (409) 845-4937

*Michael A. Tomaszewski*

*Al Lane*

Al G. Lane  
Stephenville (817) 968-4147

*Ellen R. Jordan*

Ellen R. Jordan  
Dallas (214) 231-5362

*E. Max Sudweeks*

E. M. Sudweeks  
Overton (903) 834-6191

## FINANCIAL MANAGEMENT OF TEXAS DAIRIES

by

E. MAX SUDWEEKS  
GREG M. CLARY  
ALFRED G. LANE

Dairy production generates more than \$860 million in income annually in Texas. Dairy is third in agricultural income, behind beef cattle and cotton. Texas ranks sixth nationally in dairy production.

Projections indicate Texas will continue to be an important milk producing state. Favorable milk prices and competitive production costs are expected to stimulate the dairy industry and maintain profitability.

Dairy and feed grain policy continues to impact production, processing and marketing of milk and milk products. You will continue to be confronted by groups concerned with waste management, animal rights, and food safety issues.

You must be prepared to address these issues effectively to insure the survival of your farming operations. The "staying power" of dairy farmers ultimately depends on financial strength and on intensity of management.

To help in financial management of Texas dairy farms, a computer template called the Dairy Farm Annual Budget Estimator (DFABE) was developed.

This analytical tool helps organize the financial affairs of a dairy so critical points of the operation can be tracked and managed.

The template assists managers in estimating annual costs and returns, including servicing outstanding debt of a dairy farm enterprise. The program can also evaluate the annual cash flow impact of proposed changes to existing operations on a dairy. Some of the situations evaluated using this program include: herd expansion, dairy farm start-up, changes in feeding and forage programs, and alternative financing arrangements.

The template consists of four main sections: (1) introductory input values used in subsequent calculations, (2) receipts or income generated from selling milk, livestock, and excess raised feed, (3) detailed listing of cash expenses incurred throughout the operating period, and (4) summary information and calculations of performance measures for evaluating economic efficiency.

The performance measures can be used to evaluate how a management change will affect your bottom line.

Educational programs conducted by the Texas Agricultural Extension Service serve people of all ages regardless of socioeconomic level, race, color, sex, religion, handicap or national origin



Example 1: You are considering increasing your herd size by 100 cows. What is this going to do to your debt load and your ability to make your debt payments? The performance measure **milk sales to make debt payments (MSMDP)** gives you an indication of what will happen. If you currently have a MSMDP of 20% and that increases to 25%, it means you will spend a larger percentage of your milk check for debt payments. If the MSMDP declines to 18% you will spend less of your milk check for debt payment.

**Farm debt (FD) and annual debt payment (ADP)** are both expressed as dollars/cow. If you borrowed the money to purchase the cows, you might find that net income increases even though ADP increases. The length of the loan has a dramatic effect on the resulting net income. You might decide to lengthen the duration of your cow loan to reduce ADP during a period of lower milk prices.

Example 2: Another scenario is a change in your feeding program. Currently you might be feeding grain in the parlor plus forages at a fence line feeder. You want to consider changing to a total mixed ration (TMR). When you compare the parlor feeding to the TMR you find a decrease in the per cent **income spent for feed (IF)**. However, this could be offset by an increase in MSMDP if you had to borrow money to finance a mixer wagon.

As you can see, the DFABE assists you in making more informed management decisions. Yet it is only a tool. In the end the decision is yours.

If you are interested in obtaining a copy of the DFABE, contact Max Sudweeks.

## State 4-H Roundup

Chris G. Woelfel  
Extension Dairy Specialist

### Dairy Cattle Judging Contest

Twelve of the state's 14 districts participated in the State 4-H Dairy Judging Contest with 24 counties represented. This year's contest was close, with the top three counties listed as follows:

1st - Johnson	1567
2nd - Wharton	1552
3rd - Cooke	1542

High Individuals included:

1st - Chad Stone	Johnson	542
2nd - Jennifer Kupper	Cooke	540
3rd - Paul Prazak	Wharton	536
4th - Rhonda Overstreet	Delta	535
5th - Amy Kidd	Medina	530

Rhonda Overstreet, Delta County, was High Individual in Holstein judging; Amy Kidd, Medina

County, was High Individual in Jersey judging; and Jennifer Kupper, Cooke County; Amy Kidd, Medina County; and Julia Kidd, Medina County, were first, second and third high in Reasons, respectively.

The Johnson County team, including Chad Stone, Brad Courtney, Mike Van Winkle and Jessica Yancey, represented Texas at the National 4-H Dairy Cattle Judging Contest at the World Dairy Expo in Madison, Wisconsin, September 29. Congratulations to the team and coaches, Tom Hiser and Shirley Nickell.

### Dairy Demonstration Contest

The winners and their topics in the 1992 Dairy Demonstration Contest were: first - Mardra Ashby, Rusk, *Testing for Profit*; second - Keith Karsteter, Wharton, *Milk Production*; and third - Sissy Casper, Gregg, *Manmade Wetlands: Cleaning Up Dairy Waste*.

Congratulations to all those who participated.



## TEXAS SUMMARY FOR JUNE 1992

Information Summarized	6/30/91	5/31/92	6/30/92
DHI-DHIR Herds (cows)	524	508	507
DHI-DHIR Cows	108,541	104,428	104,196
Avg. Milk/Cow/Day	45.8	5.49	46.7
Avg. Percent Fat	3.4	3.4	3.4
Avg. Fat/Cow/Day	1.56	1.72	1.59
Avg. Feed Cost/Cwt. Milk	6.00	5.49	5.57
Private Herds	117	114	110
Private Cows	28,994	28,668	28,790
DHI-DHIR Herds (goats)	34	25	24
DHI-DHIR Goats	820	494	480
Total Herds Enrolled	678	647	641
Total Animals Enrolled	138,355	133,590	133,466

### High DHI Herds.....Michael A. Jomaszewski

These rankings are furnished by the DRPC at Raleigh for a given period of time. If a herd was tested late one month, it may cause that herd's average not to appear on that month's listing. The average would then be compared to other herd averages in the next month. Herds are ranked by test day averages. Only official herd averages are used. String averages are not used if they are not official. We have no control over how the herds appear on this list since it is a computer listing.

### Ranking by Protein

Herd Owner	No. Cows	Milk (lbs)	Protein (lbs)
<b>■ 2X/Day Milking</b>			
Hi-Plains Dairy	659	63.1	2.27
Geo. Veitenheimer Dairy	125	57.6	2.22
High Hill Dairy	387	54.8	2.07
Kupper Bro. Dairy	155	63.6	2.06
Sandy Creek Farms (H-2)	34	63.5	1.98
Jeff Conrady Dairy	162	57.2	1.97
Frank Wolf	90	68.4	1.96
Fine-Meadow Farm	224	62.0	1.95
<b>■ 3X/Day Milking</b>			
Roy Roy Dairy, Inc	174	77.1	2.35
Lloyd Wolf, Jr.	90	68.9	2.22
Triple X Dairy	511	61.5	2.06
David Steinberger	359	54.8	2.02
Hen-Lin Dairy	717	61.2	1.98
Bob Savage Dairy	99	66.4	1.96
Devon Koehn (H-all)	184	62.3	1.94
Double H Dairy	276	59.4	1.94

### Ranking by Milk

Herd Owner	No. Cows	Milk (lbs)	Fat (%)	Protein (%)
<b>■ 2X/Day Milking</b>				
Frank Wolf	90	68.4	3.5	2.9
Kupper Bro Dairy	155	63.6	3.9	3.2
Sandy Creek Farms (H-S2)	34	63.5	3.1	3.1
Hi-Plains Dairy	659	63.1	3.1	3.6
Fine-Meadow Farm	224	62.0	3.1	3.2
Bobby Downe	64	61.0	3.3	3.0
Moer-Milk Dairy	269	59.2	3.8	3.3
D & G Dairy	100	59.2	3.0	3.2
<b>■ 3X/Day Milking</b>				
Roy Roy Dairy, Inc.	174	77.1	3.2	3.1
Lloyd Wolf, Jr.	90	68.9	3.4	3.2
Bob Savage Dairy	99	66.4	3.2	3.0
Clyde Birkenfeld	38	64.9	2.9	3.0
Tony T Bos & Family	2832	64.0	3.1	2.9
Donald & Cheri de Jong	1332	63.2	3.0	3.0
Devon Koehn (H-all)	942	62.3	3.9	3.1
Rio Grande Dairy	1581	61.9	3.5	3.0

### Top Ten 305-Day Lactation Records

Following are the ten highest DHI mature equivalent, 305-day lactation records for butterfat production reported to the Extension Dairy Science office during June from the Processing Center at Raleigh, North Carolina.

Herd Owner	Cow Identity	Breed	Date of Birth	ME Milk	% Fat	ME Fat
Ricks Dairy	13937849	H	01-20-90	29,093	6.1	1623
Ted Conrady Dairy	12768656	H	09-27-86	29,272	4.7	1367
Ricks Dairy	74TX4017	H	11-11-89	23,416	6.3	1359
High Hill Dairy	74VHK9141	H	07-02-82	30,736	4.1	1286
Louis Hinders	11100627	H	07-13-82	27,984	4.5	1278
High Hill Dairy	74TKJ4123	H	12-07-86	29,530	4.3	1266
High Hill Dairy	13089653	H	05-04-89	30,462	4.2	1249
Hi-Plains Dairy	12560570	H	10-16-85	31,080	4.0	1239
Ray Hoffman Jr Dairy	74WDH6752	H	06-00-89	29,413	4.3	1224
George De Vries	74WCV5269	H	08-28-89	31,212	4.0	1221



## TEXAS SUMMARY FOR JULY 1992

Information Summarized	7/31/91	6/30/92	7/31/92
DHI-DHIR Herds (cows)	511	507	516
DHI-DHIR Cows	106,194	104,196	104,956
Avg. Milk/Cow/Day	41.6	46.7	43.7
Avg. Percent Fat	3.5	3.4	3.3
Avg. Fat/Cow/Day	1.48	1.59	1.48
Avg. Feed Cost/Cwt. Milk	6.32	5.57	6.06
Private Herds	121	110	110
Private Cows	29,462	28,790	28,310
DHI-DHIR Herds (goats)	29	24	24
DHI-DHIR Goats	672	480	463
Total Herds Enrolled	661	641	650
Total Animals Enrolled	136,328	133,466	133,729

### High DHI Herds.....Michael A. Jomszewski

These rankings are furnished by the DRPC at Raleigh for a given period of time. If a herd was tested late one month, it may cause that herd's average not to appear on that month's listing. The average would then be compared to other herd averages in the next month. Herds are ranked by test day averages. Only official herd averages are used. String averages are not used if they are not official. We have no control over how the herds appear on this list since it is a computer listing.

### Ranking by Protein

Herd Owner	No. Cows	Milk (lbs)	Protein (lbs)
<b>■ 2X/Day Milking</b>			
Hi-Plains Dairy	667	59.9	2.01
Ernie Precher	130	53.8	2.01
Lloyd Wolf, Jr.	92	63.1	2.00
Bill Wolf Dairy	104	61.9	1.93
Kurt Averhoff	150	59.9	1.92
Marvin Byrd	153	47.0	1.91
Pleasant Valley Dairy Inc	195	45.6	1.91
Fine-Meadow Farm	225	59.8	1.88
<b>■ 3X/Day Milking</b>			
Meine Huisman	248	65.9	2.12
Roy Roy Dairy, Inc	176	67.6	2.09
Arthur & Christy Ridinger	116	57.0	2.07
Bob Savage Dairy	102	62.5	2.03
San-Roc Holsteins	67	63.1	2.01
B-Pride Dairy	92	52.6	2.01
Robert Steinberger Sr	395	62.2	1.94
T & T Dairy	104	61.3	1.90

### Ranking by Milk

Herd Owner	No. Cows	Milk (lbs)	Fat (%)	Protein (%)
<b>■ 2X/Day Milking</b>				
Lloyd Wolf, Jr.	92	63.1	3.4	3.2
Ronnie West	92	62.0	.0	.0
Bill Wolf Dairy	104	61.9	3.2	3.1
Bobby Traweek	67	60.6	3.3	3.1
Hi-Plains Dairy	667	59.9	3.2	3.4
Kurt Averhoff	150	59.9	3.1	3.2
Fine-Meadow Farm	225	59.8	3.0	3.2
Dillard & Jake Schenk	137	59.6	3.3	3.1
<b>■ 3X/Day Milking</b>				
Roy Roy Dairy, Inc.	176	67.6	3.2	3.1
Meine Huisman	248	65.9	3.0	3.2
San-Roc Holsteins	67	63.1	2.8	3.2
Tony T Bos & Family	2841	63.0	3.2	2.9
Bob Savage Dairy	102	62.5	3.1	3.3
Robert Steinberger Sr.	395	62.2	3.4	3.1
Ray Johnston	1280	61.6	3.1	2.9
T & T Dairy	104	61.3	3.4	3.1

### Top Ten 305-Day Lactation Records

Following are the ten highest DHI mature equivalent, 305-day lactation records for butterfat production reported to the Extension Dairy Science office during July from the Processing Center at Raleigh, North Carolina.

Herd Owner	Cow Identity	Breed	Date of Birth	ME Milk	% Fat	ME Fat
High Hill Dairy	13668488	H	09-14-88	30,770	4.7	1391
George De Vries	74WCV5239	H	09-22-89	35,983	3.8	1354
Kurt Averhoff	13422120	H	09-02-88	28,824	4.8	1340
Louis Hinders	13474345	H	08-04-88	37,752	3.6	1324
Nico Deboer	74WCW4311	H	10-25-86	25,525	5.2	1315
Russell & Linda Carpenter	74RCD0949	H	11-00-89	30,336	4.5	1311
Kurt Averhoff	12982204	H	04-15-87	30,191	4.4	1286
Hi-Plains Dairy	13871643	H	06-04-89	31,663	4.1	1275
Hoffman Holsteins	74WCS9311	H	07-00-86	31,341	4.0	1253
Hoffman Holsteins	74WDH6768	H	08-00-89	29,258	4.4	1251