

## **Observations of Kentucky Dairies**

### **Based on 2009 Preliminary Data from KFBM Participating Farms**

#### **Small Dairies** (Under 100 Cows)

Gross Farm Returns dropped \$156,968 to \$125,098. 44% of year ago.

Crop Returns were down \$83,690

Livestock Returns Above Feed were down \$71,918

Milk production of 16,900 lbs. per cow was off 6% from 2008 while milk prices were down \$6/cwt for the year.

The average small dairy reacted to lower milk income by cutting Total Non-Feed Cost by \$120,762, or by 38%.

Largest cost cutting was seen in:

<u>Item Reduced</u>	<u>Amount</u>	<u>Change</u>
Total Crop cost	\$33,118	60%
Fuel & Oil	\$10,124	59%
Labor Paid	\$15,232	49%
Cash Rent	\$10,383	48%

On average small dairies cut 3.7 months of paid labor.

Bottom line, Net Farm Income fell \$60,254 to -\$14,773.

#### **Medium Dairies** (Between 100 and 200 Cows)

Gross Farm Returns **rose** \$151,391 to \$496,884, a 32% increase.

Crop Returns were up \$151,391 over 2008 as these dairies added an average 180 acres of crop

Livestock Returns were down 14% (\$28,583) with an increase in 861 lb. increase in production and a \$5.78 reduction in price.

The average medium dairy reacted to lower milk income by renting more acres and increasing crop production. Total Non-Feed Cost went up by \$68,851, a 15% increase.

Largest increases in cost were seen in:

<u>Item Reduced</u>	<u>Amount</u>	<u>Change</u>
Total Crop cost	\$42,762	72%
Machinery Repairs	\$ 7,182	28%
Labor <b>Unpaid</b>	\$10,889	26%
Cash Rent	\$ 9,686	212%
Cash Interest	\$13,590	272%

While Unpaid labor is not a cash cost, it is an opportunity cost that indicates more input of the operator's time to the business. Apparently, the operator substituted himself for Paid Labor.

Bottom line, Net Farm Income **went up** \$44,150 to -\$85,885.

## Large Dairies (Over 200 Cows)

Gross Farm Returns dropped \$227,612 to \$931,474, 80% of year ago.

Crop Returns were down \$75,498.

Livestock Returns Above Feed were down \$166,071, a decline of 33% from last year.

Milk production of 19,407 lbs. per cow was off 3% from 2008 while milk prices were down \$6.74/cwt for the year.

The average large dairy reacted to lower milk income by cutting crop production and increasing number of cows. Total Non-Feed Cost dropped 1%, essentially remaining unchanged.

Largest cost cutting was seen in:

<u>Item Reduced</u>	<u>Amount</u>	<u>Change</u>
Total Crop cost	\$51,625	63%
Fuel & Oil	\$15,961	30%
Cash Rent	\$22,047	50%

Largest increases in cost were seen in:

<u>Item Reduced</u>	<u>Amount</u>	<u>Change</u>
Machinery Hire	\$22,936	21%
Labor Paid	\$26,199	17%
Vet & Medicine	\$10,633	9%

Bottom line, Net Farm Income fell \$212,706 to \$46,091, an 82% decline.