



Kentucky Dairy Notes

November 2008

*For More Information
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Disabilities accommodations available upon request

A Look at Kentucky Dairies

Farms cooperating with the Kentucky Farm Business Management (KFBM) program provide income, financial, and production data for use in comparative analysis of various types of farms, including dairy farms. The number of dairy farms in the program more than doubled last year with participation from the Milk Incentive for Kentucky program. Here is a snapshot of the average Kentucky dairy participating in the program.

Fifty-four dairies make up the average dairy farm for 2007. This average farm milked 130 cows with 17,952 lbs. of production per cow. The average price of milk received was \$20.03 per cwt.

The farm grossed \$429,329 on an accrual basis. That is \$3,303 per cow. "Accrual basis" adjusts for prepaids, accounts payable, and inventories to find the actual cost and returns for 2007 production. Net Farm Income averaged \$116,645, or \$897 per cow. Net Farm Income is the return to the operator's labor, management, and investment. These farms averaged \$1.42 per cwt of milk produced. Management Returns for the average dairy was \$14,371. Management Returns measures what income is left to the operator after subtracting something for his labor and a return on his equity. It is significant that Management Returns is positive.

The farmer cultivated 317 acres at an average cost of \$133 per acre. Total crop costs per acre were essentially the same as 2006. Fertilizer increases were offset by decreases in pesticide costs.

The Value of Feed Fed averaged \$236,135. This includes purchased feed **plus** the fair market value of raised feed. Feed fed was valued at \$1,816 per cow or \$10.29 per cwt produced.

The average dairy hired the equivalent of 2.32 full time employees at a total cost of \$51,056. This translates to an average wage of \$8.82 per hour. The farm employed 44.5 hours



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of paid labor per cow at a cost of \$393. Producing a cwt of milk required one quarter hour of paid labor for a cost of \$2.18.

Other significant expenses include Power and Equipment and Livestock Costs, including vet and medicine. Power and equipment totaled \$120,022, a cost of \$923 per cow or \$5.33 per cwt. Livestock Costs totaled \$38,417. Cost per cow was \$296 and cost per cwt was \$2.14.

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