

January-February 2013  
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New KDDC Board Members Elected  
Find out who will be representing you on page 4

Crash Course in Milk Pricing  
More info on page 10

## 2013 Young Dairy Producers Conference & Kentucky Dairy Partners Meeting

By Teri Atkins

This year's two-day event was yet another success! The Kentucky Dairy Development Council Young Dairy Producer Conference had 125 people in attendance and the Kentucky Dairy Partners Meeting brought in well over 275. This is the second year that the YDP Conference and KDP Meetings have been held in Bowling Green and in conjunction with one another. The knowledge earned, networking and food were plentiful; but the overall experience was priceless.

On day one, the Sloan Center was crowded with students and staff members from three different universities, dairy farmers and a number of allied industry representatives. Although the YDP Conference is designed for the beginning/transitioning farmer, it is open to anyone wanting to learn more about the dairy industry. There were seven speakers, from as far away as Wisconsin to North Carolina. They discussed subjects such as: cost of production, product pricing, milk future contracts, dairy promotion, farm succession planning, water quality

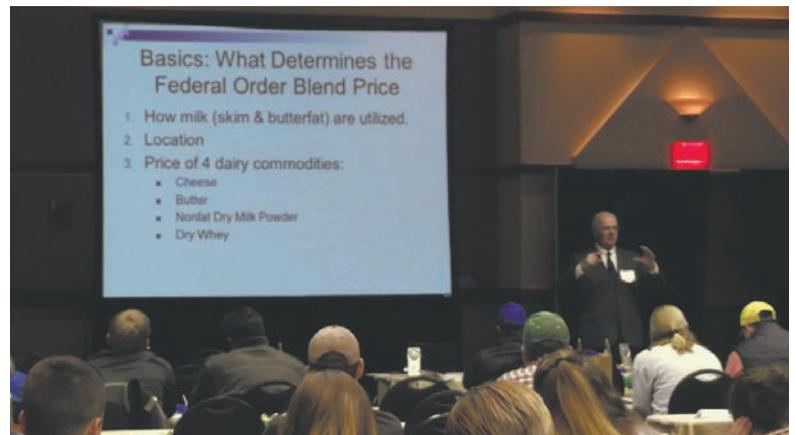
management and cow comfort. The program ended with a producer panel discussion on estrous monitoring technologies. The panel was comprised of three KY young dairy farmers that all use different brands: Andy Woodall, AfiMilk system; Brian Peden, Select Detect system; and Jeremy Kinslow, GEA Farm Technologies. After a full day of listening to speakers and devouring Chaney's Ice Cream, the attendees from the YDP Conference and the SUDIA board meetings were allowed a new opportunity; a reception with dinner, a silent auction and a trade show set up with 44 vendors. Normally the trade show is exclusive to the KDP Meeting, but the plan was to reach out even more. According to the evening attendance it was well accepted.

The trade show and silent auction flowed over into the morning session of day two to allow everyone more time to visit with the vendors. This was the first year for the silent auction. Its purpose was to help raise money for the UK Purebred Dairy Cattle Association. After an intense bidding session for the glass milk bottles, Bonnie Mohr Print, cream can, cow cookie jar and cheese basket the auction brought in nearly \$1,000 for the cause. We would like to thank Gary

*Cont'd on page 14*



The Kentucky Dairy Partners lunch hosted a great crowd and included a discussion on "Getting Involved in Your Community - Telling Your Dairy Story" by Denise Jones, SUDIA.



Calvin Covington spoke during the Young Dairy Producer Conference, which hosted over 125 people, regarding "What Dairy Farmers Need to Know About Federal Dairy Policy".

## 2013 KDDC Board of Directors & Staff

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KY Milk Matters produced by Carey Brown

## President's Corner

Bob Klingenfus



I enjoyed the Kentucky Dairy Partners Meeting in Bowling Green. It was a very well done meeting and as I said during the KDDC Annual Meeting, the planners are to be commended on the selection of speakers. Their information was excellent with many "take home" points.

I appreciate the KDDC Board showing confidence in the leadership of the officers by unanimously voting to have us serve another year. Thank you. As we look to the many issues facing our dairy industry, I wanted to let all members know about the ones KDDC is focusing on at present.

The Southeast Milk Litigation has been settled by the plaintiffs and defendants. However, the process for Class member dairy producers to receive any financial settlement money is fast approaching the deadline. At this writing, (the 1<sup>st</sup> of March) there are still many producers that haven't received the information or claim form to submit their marketed poundage for the period, January 2001 to the present. The deadline is March 20, 2013. Rust Consulting **must receive** the documents by the 20th for producers to be eligible. So get those in as soon as possible. KDDC is mailing the forms to all KY dairy producers, but the information must be filled in by the farmers and sent to Rust Consulting. Certified mail is highly recommended.

The USDA has announced new rules for animal ID to improve traceability of livestock movement. These rules will help containment in the event of a disease outbreak. One of the main issues affecting dairy

farmers is all dairy steers or heifers born after March 11 must have official ID. A variety of tags can be used including the "bright" metal tags which can be acquired free from the KY State Veterinarian's Office. The number is: (502) 564-3956. It is important that dairy producers maintain good records to protect themselves in case of an investigation.

As we all are aware the pressure to improve Somatic Cell Counts continues to be a hot topic. The industry has required lower SCC to maintain customer demands and export markets. At present the Pasteurize Milk Ordinance allows up to 750,000 SCC. The Interstate Milk Shippers Conference is nearing and there will be proposals to lower the PMO standard to 400,000 SCC. KDDC will be tracking all of the proposals that will be brought forward at the IMSC and will keep you informed on the final actions of the conference.

KDDC is involved in other opportunities and programs and will announce them as plans become more finalized. I look forward to serving as KDDC President and working with the new oncoming board members as we seek to foster an environment of growth for KY's dairy industry.



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# A Big Welcome to New KDDC Board Members

Every year there are new board members nominated and elected to the Kentucky Dairy Development Council Board of Directors. There are a total of 20 KDDC Board positions, consisting of 12 Dairy producers (representing the established districts of the state) and eight Allied industry representatives. For 2013, KDDC had three board members to receive re-election to the board, Larry Baxter from District 7, Charlie Edgington from District 8 and Dr. Charles Townsend as an Allied Member. There were also three new board members elected and seated to office at the KDDC Annual Meeting, Jimmy Wright from District 2, Larry Embry from District 12 and Dr. Ron Wendlandt from Kentucky Nutrition Service as an Allied Member. The board members all bring a different expertise to the plate; however, they all have the same passion in mind.

## New KDDC Board Members

**District 12 - Larry Embry** – Larry graduated from the University of Kentucky with a degree in agriculture. Together with his uncle, Doyle Embry, they operate Longview Farms in Leitchfield. Currently they are milking 200 Registered Holsteins. They also grow 850 acres of corn, soybeans, small grains and alfalfa.



**District 2 - Jimmy Wright** – Jimmy farms with wife Marylou and son Blake just north of Schochoh, in Southern Logan County. Jimmy and Marylou started milking on their own Sept. 22, 1987 at the current location. Their son Blake is the third generation of dairymen. They milk about 350 Registered Jerseys and raise another 400 head of Registered Jersey heifers for replacements. They also have corn, tobacco, hay and pasture. Jimmy also sells some breeding stock.



**Allied Member - Dr. Wendlandt** – Dr. Wendlandt was raised on a dairy in northern Wisconsin and was active in FFA and Wisconsin Junior Dairymen. He attended Wisconsin State University at River Falls receiving a Bachelor's Degree in Animal Science. He then went to the University of Illinois receiving a Masters and Ph. D. in Dairy Nutrition. Dr. Wendlandt came to Kentucky as an Extension Professor in Dairy Nutrition at the University of Kentucky. After leaving UK he has been involved in working with dairy farmers in KY. He started Kentucky Nutrition Services in 1978, and he has been actively involved in nutrition consulting and providing mineral mixes to livestock producers in the region since that time.



## Re-Elected KDDC Board Members

**District 7 - Larry Baxter** – Larry milks 60 cows in Mercer County, Ramble Ridge Holsteins. Larry has been milking cows since 1973. Larry's most renowned cow would have to be Ramble Ridge Michael Joyce who surpassed 15 years of life and 325,000 lbs. of milk in her lifetime.

**District 8 - Charlie Edgington** – Charlie is a third generation dairy farmer on the family farm, Edgeview Farms in Garrard County. They are currently milking 100 cows. He also works for Wayne Supply. Charlie is married to Emily, and has two children, Brett, 3 years old and Macey Jane, 2. Their family focuses on providing a safe desirable product at a profit.

**Allied Member - Dr. Charles Townsend** – Dr. Townsend has practiced dairy veterinary medicine for approximately 25 years. He services clients from Mayfield to Springfield and in between. His veterinary services include reproductive management, nutrition, mastitis control and consulting. His dairy clients range from 22 to 600 cows. He and his wife have two children and they are members of the First Baptist Church of Russellville.

The new KDDC Board elected by acclamation the present officers of KDDC.

- President      Bob Klingenfus
- Vice-Pres    Bill Crist, Sr.
- Sec/Treas    Tom Hastings

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## Executive Director Comments

Maury Cox



**T**ime moves along more quickly with each passing year and as we complete another Young Dairy Producers Conference and KY Dairy Partners Meeting, winter is closing out and spring is just around the corner. I appreciated seeing the support from the many allied industries and dairy producers at the two-day event in Bowling Green. It

was without a doubt one of the best conferences we have held in recent years. We received many compliments on the line-up of speakers and the valuable information presented. The UK Extension staff, CES Agents and students, Southeast United Dairy Industry Association folks, KY Department of Agriculture Dairy Specialist and the KDDC group worked hard to put on a worthwhile event. Thanks to everyone that contributed, especially the excellent speakers.

Switching gears; I recently read some interesting numbers from a 2012 Milk Production report by Blimling & Associates, Madison, WI. The report compiles production levels, cow numbers, per cow production, number of operations, and more on a state, regional and national level.

As we all know the number of operations nationally has been declining and Kentucky, like other states has lost several dairy farms. However, the rate of farms exiting the business has slowed considerably over recent years. Starting in 2003, the yearly loss of dairy farms was decreasing at an average of 128 per year. In 2007 the number of dairy operations going out of business began declining at less than half that rate, down to an average of 52 per year.

Total state-wide milk production and pounds of milk per cow has changed also. For the first time in many years the annual milk production increased in 2012 over 2011. The increase was 2.8 percent at 1.1 billion pounds. This amount still falls short of the 2.2 billion pounds being processed by instate milk plants but it exceeds the 800 million

pounds of fluid milk consumption by KY consumers.

The total pounds of milk increased while numbers of dairy cows decreased slightly from 76,000 to 74,000 cows. This brings the pounds of milk per cow to 15,135, up 5.5 percent over 2011 and a whopping 14.8 percent more pounds per cow than in 2005; the first year KDDC came to be. Granted we have a ways to go to match the national average of 21,697 pounds, but KY milk production is headed in the right direction.

The KDDC became an official organization in March of 2005 and hired Roger Thomas as Executive Director in August of 2005. I became the Dairy Consultant Director in October 2006 and the Dairy Consultant Program began in January of 2007. The Market Incentive Leadership for KY (MILK) Program started in April of the same year and by the end of the year 100 dairy farmers were participating in the program and KDDC and its MILK Program partners distributed \$400,766. We believe the slowing of the loss of dairy farms along with positive changes in production numbers is directly correlated to the establishment of KDDC. The organization is the catalyst for collaboration with many partners.

I would like to take this time to thank the outgoing KDDC Board members, Bennie Sims, Jimmy Woodall and Dan Riddell as well as retiring Advisory member, Dr. Jack McAllister for their dedication and service to this organization and more importantly to the dairy industry of KY. You have made a difference in our dairy heritage and we can't thank you enough. Everyone stay safe as you start working in the fields this spring.



Dan Riddell, right, was recognized for his service to the KY Dairy Industry and KDDC.



Dr. Jack McAllister was recognized for a lifetime of service to the dairy industry through UK Dairy Extension.



Bennie Simms, right, was recognized for his service to the KY Dairy Industry and KDDC.



Jimmy Woodall, left, was recognized for his service to the KY Dairy Industry and KDDC.

## 4-H Youth Dairy Activities

By Larissa Tucker, UK Extension

4-H is a great way for youth ages 9 to 18 to participate in a variety of activities. Those interested in dairy have several events to choose from throughout the year so that they can learn more about the dairy industry and showcase some of the skills they have learned. The Kentucky 4-H dairy activity and events dates have been set for 2013. They are located on our website at: <http://www2.ca.uky.edu/afsdairy/extension/youth>. You will also find the registration information and more details about each of the events on our website. Below are a few events I would like to highlight for the upcoming year.

The 4-H Dairy Jeopardy Contest will be March 18<sup>th</sup> at the Barren County Extension Office. This event replaced the 4-H Dairy Quiz Bowl a few years ago. Youth ages 9 to 18 have the opportunity to show their knowledge of the dairy industry by answering questions about all aspects of dairy. There is a written test as well as oral toss up questions that are presented in the format just like the game show Jeopardy. This is an individual competition so you do not need a team of junior or senior members. The study materials include the questions located on the Holstein Foundation Website, Hoard's Dairyman magazine, and the Dairy Resource Handbook.

State 4-H Dairy Cow Camp is set for April 27<sup>th</sup> in Adair

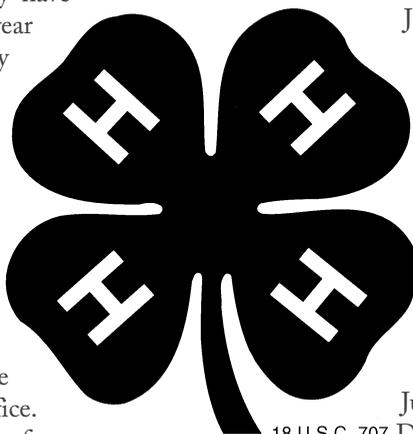
County. The registration information will be available soon on our website and emailed to the County Cooperative Extension Service Offices. Cow Camp provides youth the opportunity to learn more about how to judge dairy cattle and give oral reasons.

June is Dairy Month so there are lots of opportunities to participate in dairy activities such as district dairy shows, but the highlight of the month for us is the State 4-H Dairy Judging Contest. The contest will be held on June 25<sup>th</sup> at the University of Kentucky Coldstream Dairy. Junior and Senior members have the opportunity to show off their judging skills. The top 20 seniors have the opportunity to participate in Judging Workshops later in the summer and the top 4 will be chosen for the Kentucky 4-H Dairy Judging Team that competes in the fall.

18 U.S.C. 707 Dare to Dairy is scheduled for October 26<sup>th</sup>.

More registration details will be available later this summer for this event. It is a one day visit to the University of Kentucky Coldstream Dairy and youth as well as adults have the chance to get some hands on science behind what happens on a dairy. Many of the activities can be applied to other ruminants as well. There are new technologies that have also been showcased in this event.

If you need more information about any 4-H Dairy project activity, contact your local Cooperative Extension Service Office, Larissa Tucker or Dr. George Heersche, Jr.



## Another Year, Another \$890,650

By Dave Roberts

Last year had many challenges, as everyone can attest, but one bright spot was the KDDC M.I.L.K. program. Participating producers that met qualifications in various months during 2012 shared a total of \$890,650.00. As always, 50 percent of the money came from a Kentucky Ag Development Board grant and the other 50 percent was matched by milk marketing agency partners.

Payments by the Quarter in 2012:

- Jan-Mar \$403,048.00
- Apr-Jun \$216,012.58
- Jul-Sep \$90,535.82
- Oct-Dec \$181,053.28

**2012 Total Paid: \$890,650.00**

The first quarter of 2012 set a new

record for the most dollars paid out since the KDDC M.I.L.K. Program began. Forward six months from that record payment and it is interesting to note the drop in the total payments for the third quarter (Jul-Sep). The two major causes of producers not qualifying during this period were low production and high somatic cell counts (SCC). It doesn't take much research to conclude the extreme summer heat was the culprit. Many of KY dairy producers are developing new strategies to help deal with the heat and high SCC. So, it's not too early to formulate a plan to keep your cows cool and cell counts low this summer. If you have any questions, on this cow comfort issue, don't hesitate to contact your KDDC consultant.

During 2012 there were a significant number of producers on the KDDC M.I.L.K. Program who qualified with their volume and quality and because

they hadn't kept current with DHIA could not be paid. Whatever the reason for not DHIA testing, they left money on the table. On the average, producers only have to receive 1.5 months M.I.L.K. payments to cover their DHIA cost for the year. DHIA is extremely useful in managing a dairy herd, and it's true "If you can't measure it you can't manage it." Here again, if you would like to learn more on understanding and using your DHIA reports please contact your area KDDC consultant. The information in those reports is worth much more than their cost.

A new year for the KDDC M.I.L.K. program is now under way. If you are on the program and need help meeting the production, SCC or PI requirements or you want to join the M.I.L.K. program give us a call. Don't leave any money on the table in 2013.

# The KY Milk Matters Media Kit

The Kentucky Dairy Development Council would like to announce The Kentucky Milk Matters newsletter is now offering advertisement opportunities!

The Kentucky Milk Matters newsletter is the ONLY bi-monthly dairy publication that goes directly to EVERY permitted dairy farm family in KY. The newsletter is also distributed to Allied Industry field staff, UK Cooperative Extension Agents, KY Congressional Delegation and KY State Legislators, dairy suppliers, milk haulers, feed companies, government agencies and many more. There are more permitted dairy farms in KY than any state in the Southeast United States.

Subscribers can place information about their products and/or services directly in the hands of decision makers on KY dairy farms at very affordable prices. Advertisements can be in black and white or color and with several options of sizes. Your ad can be placed once or stay out in front of buyers by being in all six issues during the year. Special discounts for KDDC Allied Industry dues Members.

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Call today to get your Media Kit emailed or mailed to you!

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Half Page Horizontal.....	7.5 x 4.875
Half Page Vertical.....	3.625 x 10
1/4 Page .....	3.625 x 4.875
Business Card.....	3.625 x 2.3

- Premium Positions priced according to availability including inside front & back cover and 1/2 page on the back cover.
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  - UK Cooperative Extension
  - KY Congressional Delegation
  - KY State Legislators
  - Dairy suppliers
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  - Gov. agencies
- The Newsletter is available through email and KDDC Website
- The Milk Matters provides up-to-date news and information on production, industry and dairy policy
- Dairy farming is a vital economic industry in many communities across the state
- Promotes KY dairy farmers and dairy products
- Every farm gate dollar produced by dairy is multiplied by 2.56 as an economic generator to KY communities
- The average dairy cow generates nearly \$14,000 in economic ripple effect

# Show Ring Success

By Teri Atkins

Every year, after show season ends, the tension building begins. Who will make the All-American Nomination lists? It is of much prestige to have your name posted beside the nominated heifer or cow, but a long wait to see if you actually make the cut! This year there were more than a few Kentucky animals nominated for Junior All-American's and All-American's in several different breeds. The Kentucky Dairy Development Council wants to say "Congratulations" to all of the KY nominations.

## Junior All-American Nominations

### Ayrshire:

- *Spring Calf* - JSB Acres Daisy, Kailey Barlow, Scottsville, KY

### Brown Swiss:

- *Intermediate Calf* - Blessing Agenda Nicki - Ally Jones, Glasgow, KY
- *Junior 3 Yr. Old Cow* - Rad-ical Agenda Chelsea - Skyler DeGroft, Cave City, KY

### Guernsey:

- *Senior Yearling* - Rolling Prairie C Pollyanna - Emily & Amy Kate Smith, Lawrenceburg, KY
- *Junior 2 Yr. Old Cow* - Four Winds MM St. Patty - Caleb Nicley, Parksville, KY
- *Senior 2 Yr. Old Cow* - Sniders Tiller Amagine ET - Caleb Nicley, Parksville, KY

### Milking Shorthorns:

- *Spring Yearling* - Sageser Red Ruben Nickel - Morgan Sageser, Shelbyville, KY
- *Senior 3 Yr. Old Cow* - Sageser Clay Penny - Morgan Sageser, Shelbyville, KY

## All-American Nominations

### Brown Swiss:

- *Fall Calf* - Bridges Whistle Wonderworks - Kelsey Trowbridge, Horse Cave, KY
- *Summer Yearling* - Rad-ical Rock It - Lindsey Rucks, Cave City, KY
- *Senior 3 Yr. Old Cow* - Kruses Victor Judy - Sparrows, Owenton, KY
- *4 Yr. Old Cow* - Frosted Sieg Wammy - Sparrows, Owenton, KY

### Guernsey:

- *Winter Calf* - Fudges Jessica Amber - Sydney Willingham, Gameliel, KY
- *Fall Calf* - Millborne Faria HP Carter Hope ET - Sydney Willingham, Gameliel, KY

### Jersey:

- *Summer Yearling* - KCJF Motions Candoit - Brittany Core,



Salvisa, KY

- *Milking Senior Yearling* - KCJF Motions Comotion - Keightley & Core, M. Fleming, B. Kuhne, and D. Schirm, KY
- *Junior 3 Yr. Old Cow* - KCJF Governors Reagan -Brooke, Brady and Brittany Core, Salvisa, KY
- *National Jersey Jug Futurity* - KCJF Tracer Ritzy - Brady Core, Salvisa, KY
- *Five Yr. Old Cow* - Hawarden Pixar Star - Keightley & Core, Nabholz and Woods, KY
- *Lifetime Cheese Production Class* - KCJF Regency Treasure - Keightley & Core, Salvisa, KY

- *Senior Best Three Females* - Keightley & Core

### Milking Shorthorn:

- *Senior Yearling* - Sageser Red Ruben Nickel-EXP - Morgan Sageser, Shelbyville, KY
- *Junior 2 Yr. Old Cow* - Purple Acres RR Zeva-EXP - Taylor Graves, Parksville, KY
- *Senior 3 Yr. Old Cow* - Sageser Clay Penny - Morgan Sageser, Shelbyville, KY

### Red & White Holstein:

- *Senior Yearling* - Buckmeadow Brock Elanor-Red - Colt Buckley & Katy Beth Gilbert, Lawrenceburg, KY

Not only does the tension rise to see who has the best six animals in a class in the nation, but the curiosity sets in to find out who the next judges will be on the colored shavings. Over the years there have been more than a handful of great cow-people from KY to judge at national level shows. Judging a cattle show takes someone with a "good eye" and assistance from a great associate judge. The 2013 World Dairy Expo will be blessed with yet another familiar face - Joe Sparrow as the Brown Swiss Associate Judge. Joe grew up judging and showing dairy cattle throughout 4-H and FFA. He then ventured to Virginia Tech where he furthered his judging skills and graduated with an agriculture degree. Upon returning to KY, Joe has been involved in the dairy industry, first working for Alltech and now for CPC Commodities as a Dairy Nutritionist.

## Multimin USA Joins KDDC as New Allied Industry Member

Multimin USA is proud to become an allied industry member of the Kentucky Dairy Development Council (KDDC) in their continued support in the growth of Kentucky's dairy industry. Dairy producers are constantly making decisions that improve cow health as well as improving the financial success of the dairy. Professional infrastructure

composed of veterinarians, dairy nutritionist, dairy scientist, and animal health industry professionals provide tools and expertise to dairyman in order to become more successful and to maintain herd health. Multimin USA strives to support that infrastructure by providing a prescription only, chelated, injectable trace mineral; Multimin 90 (supplemental source of zinc, manganese, selenium, and copper).

The transition period is the most stressful time during a dairy cow's production cycle. The challenges of supporting her nutritional and trace mineral demands are compounded by a reduction

in feed intake. However, as an injectable, Multimin 90 has been shown experimentally to significantly reduce SCC, incidence of mastitis in multiparous cows during lactation when administered at dry off, one month prior to freshening and 35 days after freshening. In addition to udder health benefits, the incidence of stillbirths, and endometritis was significantly reduced as well.

If you are interested in learning more about how Multimin 90 can be implemented on your dairy, please contact your veterinarian or visit our website; [www.multiminUSA.com](http://www.multiminUSA.com).

*51<sup>st</sup> Annual*

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# A crash course in dairy economics and why policies need to change

By Peggy Coffeen, Dairy/Livestock Editor

**M**ary Keough Ledman, dairy economist and principal of Keough Ledman Associated Inc., explained the milk pricing system and why it is due for an update during the Challenges and Opportunities for U.S. Dairy Policy forum hosted in Washington, D.C., last week by the Farm Foundation, NFP.

No stranger to the dairy markets, the Wisconsin native has built her career working in both the public and private sectors of the dairy industry. Her extensive list of experience includes having worked as an auditor for Federal Milk Marketing Order (FMMO) 30.

The system presently used to price milk is outdated and fails to send timely market signals to dairy producers, Keough Ledman explained.

A cornerstone dairy policy, the FMMO as it exists today is based on public policy issues from more than 75 years ago. The federal order system was set up in 1937 to address income parity and increase bargaining power for dairy farmers, while “securing an adequate, wholesome supply of fluid milk.” At that time, most of the milk produced in the United States and was bottled and moved for fluid consumption; such is not the case today. In fact, fluid milk sales have been on a decline over the past few decades, which she believes is a result of the use of federal orders and classified pricing, which has impeded the use of fluid milk in new products and product innovations.

By design, the federal order policy pooled farmers’ receipts and audited processors to set a minimum average market price to be paid out to dairy farmers. Basically, processors pay for milk based on how it is used, and farmers are paid an average milk price based on how milk is utilized in their order. “Class I you drink, Class II you spoon, Class III you cut and Class IV you store forever,” Keough Ledman explained.

In accordance with the public policy objectives at the time the federal order was established, a Class I differential was added on top of the Class I mover to assure that Class I pays out the most money and the fluid market is never short on supply. This differential varies based on location. The rule of thumb, she noted, is where there are a lot of people and not a lot of milk, the differential is higher; where there are fewer people and a more abundant milk supply, it is lower. For example, in the Chicago market, the Class I differential is \$1.80, while in Atlanta it is \$3.80 and in Miami \$6 per hundredweight of milk.

“One of my major complaints about this system is it does not send timely market signals to dairy producers,” Keough Ledman said. This is because the paid price that a dairy farmer receives each month is calculated from several months back. For example, in January 2013, producers are paid for December’s milk, but that price is based on the fluid milk price that was calculated from butter, cheese and powder prices at the end of

October or early November and announced on Nov. 21.

Here is how the December 2012 milk price was determined for a dairy producer in the Upper Midwest, which was the mailbox price on Jan. 18, 2013. The cheese value (Class III price) was \$21.39, and the butter/powder value was \$18.82. The Class I mover is higher of those two, plus the differential for Chicago market (\$21.39 plus \$1.80 equals \$23.19). Looking at utilization, 11 percent of the milk in this region was bottled (Class I), 6 percent went to Class II, 78 percent went to Class III and only 5 percent went to Class IV. Multiplying the class price by the level of utilization determines the blend price, which came out to \$19.09.

So, if the Class III milk price is \$18.66, but the mailbox price is \$19.09, who makes up the difference? The 47 cents is drawn from the pool. “In other words, this is a reallocation of milk money,” said Keough Ledman. “The Class I handler in this case is basically subsidizing Class II, Class III and Class IV milk production.”

In the Southeast, it is a different story. With the Class I differential at \$3.80, adding that to the Class I mover (\$21.39) comes out to \$25.19 per hundredweight. However, in the Southeast and Atlanta, it is not 11 percent of milk going into the fluid bottle, its 63 percent, she explains. Other utilization came out to 9 percent for Class II, 19 for Class III and 9 percent for Class IV. The weighted average milk price in this area is \$22.67. This situation results in what she calls a “milk money transfer” of \$25 to \$18. “Basically, \$6 per hundredweight and some change was taken from the fluid bottler and put into the pockets of cheese manufacturers,” she stated.

“To sum this up, regional differences and regulated milk prices received by dairy farmers and differences in class prices paid by processors have contributed to the lack of consensus building and a cohesive dairy policy,” Keough Ledman said. “My biggest gripe about this system is the lag in milk prices distort market signals to dairy producers and contribute to price volatility.”

Keep in mind, these prices paid on Jan. 15 and 18 were really dictated by market conditions at the end of October and in November. From mid November through Jan. 15, the cheese market dropped by over 40 cents per pound. According to Keough Ledman, the rule of thumb is that every penny change on cheese is 10 cents on milk; thus, if we had a system that really reflected market conditions, dairy farmers would have seen their income or the market signals drop by \$4 per hundredweight, and that’s just not transparent in this system, she added.

“There is clearly a need for transparent information for dairy producers, coops, proprietary firms, end users and consumers,” she stated, noting that the real opportunity for federal order reform is to address and propose solutions to today’s public policy issues, not those from three-quarters of a century ago. “It may be obesity, price volatility, global competitiveness, simplification... we need to address current public policy challenges, not those from 1937.”



## Milk Prices

### FMMO 5

[www.malouisville.com](http://www.malouisville.com)

March 2013

Class I Advanced Price  
(@ 3.5% BF)  
\$21.20

February 2013

Class I Advanced Price  
(@ 3.5% BF)  
\$21.61

### FMMO 7

[www.fmmatlanta.com](http://www.fmmatlanta.com)

March 2013

Class I Advanced Price  
(@ 3.5% BF)  
\$21.60

February 2013

Class I Advanced Price  
(@ 3.5% BF)  
\$22.01

## Dixie Dairy Report - March 2013

By Calvin Covington

**S**outheast blend prices projected lower through May. With January milk production only up 0.5% and dairy cattle slaughter numbers strong, one would anticipate blend prices going up instead of down. However, dairy demand is weak and inventories are more than adequate. For example, December fluid milk sales were down 6.2% in the Appalachian order, down 4.8% in the Florida order, and down 4.6% in the Southeast order. Higher gas prices at the pump, and the 2% increase in payroll taxes, mean fewer dollars for consumers to spend, including spending for dairy products. Some good news for the southeast, nonfat dry milk powder prices are holding compared to butter and cheese. Due to the Class I Mover based on the "higher of" dairy farmers in fluid markets will see less price decline than those in manufacturing markets. We project a Florida blend price around \$22.00 in May, and about \$20.00 in the Appalachian and Southeast orders. Prices should start moving up in June. For manufacturing markets we project a March Class III price below \$17.00. If demand does not improve, many more cows need to go to slaughter to see any significant improvement in milk price.

**Over 3 million dairy cows slaughtered in 2012.** USDA numbers show 3.1 million dairy cows were slaughtered in 2012, the highest number of dairy cows slaughtered since the Dairy Termination Program back in 1986. Based on numbers for the first six weeks of the year, 2013 could top 2012. As of February 9, almost 19,000 head of dairy cows went to slaughter.

### January milk production only

**up 0.5%.** After being up 1.2% in November and 1.6% in December, January 2013 milk production was only up 0.5% over January of last year. USDA reports the national dairy herd at 9,225,000 head in January, down 1,700 head from last year. January milk per cow was up 0.7% compared to a year ago. As with previous months, production was down in the West and up in the Midwest. California and Idaho were down 4.0% and 1.3%, respectively. Wisconsin was up 4.9%, Minnesota up 4.5%, Michigan up 3.1%, and New York up 3.1%.

**Commercial disappearance of all dairy products up 1.7%.** In 2012 commercial disappearance of all dairy products was 1.7% greater than in 2011. Changes for individual products: butter up 1.6%; American cheese up 2.0%; other cheese up 1.6%; and fluid milk down 1.9%. With milk production up 2.1% in 2012, and disappearance up a lesser amount, one can see why milk prices in 2012 were down almost \$2.00 per cwt. from the previous year.

**1,730 dairy farms account for over 50% of the nation's milk production.** According to USDA's *Farms, Land in Farms, and Livestock Operations 2012 Summary* 780 farms milked over 2,000 cows in 2012. This is down from 800 farms in 2011, and the first decline in the number of farms milking over 2,000 cows since such data was kept. However, these 780 farms produced 34.7% of the nation's milk supply in 2012. 950 farms milked between 1,000 – 1,999 cows in 2012 and produced 15.9% of the milk supply. Combined, these 1,730 dairy farms accounted for 50.6% of U.S. milk production in 2012.

**U.S. exports 13.2% of milk solids production in 2012.** The US Dairy Export Council announced that the U.S. exported 3.295 billion lbs. of milk solids in 2012. This is 13.2% of total U.S. milk solids production.

# The Meeting of the Minds

*By Meredith Scales and Teri Atkins*

It is almost as traditional as black eyed peas and cabbage in Adair, Green, and Taylor Counties to begin the New Year with the "Center of Kentucky Dairy Short Course". Dairy men from the tri-county area were joined by folks from surrounding counties and also one dairy farmer from as far away as Paducah.

The first session was held at the Adair County Extension office on January 8. Dr. Donna Amaral-Phillips and Dr. Jeffery Bewley led a discussion on how to prevent early lactation cows from becoming "loser cows". The term "loser cow" is defined as a cow that prematurely leaves the herd due to some type of health related issue that could be prevented through proper diet or management. The transition period just before and after calving is very important in helping with minimal health and metabolic issues such as metritis, milk fever, ketosis, and fatty liver. It is crucial to keep cows eating well, provide plentiful water, and keep stress levels low during this period. It is best to move cows into the milking herd by groups and to keep heifers separate until they get established.

Dr. Jeffery Bewley discussed "cow signals" or check points that can be early warning signs to prevent cows from prematurely being culled. He stressed the importance of daily observation. Each cow should be checked to see if there is any change in her locomotion, appetite, alertness, or any environmental related condition.

The second session was held on January 14 at the Green County Extension

Office with Dr. Bill Silvia and Dr. George Heersche, Jr. leading a discussion on the latest advancements in reproductive technology. Dr. Silvia spoke on the new activity monitors that are becoming available to aid in heat detection and can provide valuable information on the general health of each individual animal. They also discussed the different synchronization programs available to help animals breed back in a timelier manner.

The third session was held on January 24 at Corbin's Dairy in Taylor Co. David Corbin was very receptive in allowing the group to tour his well-managed dairy operation. The Corbins maintain over a 24,000 RHA on 200 plus cows, milking two times a day. They are exclusively using the Afimilk activity monitoring system for heat detection and general health of the individual animals. Martha, David's mother, has been raising their bottle calves for 54 years and does an outstanding job. Once weaned, the calves are then housed in small groups until they are on full dry feed, then they are moved to outside pens where they can be easily fed and monitored. The Corbins understand if they take good care of the heifers from birth to maturity they will produce more milk when they come into the herd.

The final workshop allowed the attendees the opportunity to tour The University of Kentucky Coldstream Research Dairy on February 20<sup>th</sup>. They were able to observe many of the new technologies being tested to help prove their usefulness in the dairy industry.

All of the courses were informational and great to attend; however the discussion between the farmers about the topics is what makes this "Meeting of the Minds" so exceptional. Even though this is put on in a tri-county area in Central Kentucky, it is open to anyone that would like to attend. If there is a topic you would like to be discussed during next year's workshop please contact Nick Roy at 270-384-2317.

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# Wheat Baleage

By Jeff Smith, Fleming County Extension Agent for ANR

Small grain crops like wheat can be used to make baleage for beef and dairy animals. The following information was compiled from a publication from the University of Kentucky Cooperative Extension Service - "Baleage: Frequently Asked Questions" that was written by: Brandon Sears, Ray Smith, Dennis Hancock, Michael Collins, and Jimmy Henning.

### Stage to harvest

Small grain crops like oats, rye, triticale, barley, and wheat should be cut before the boot stage. These crops are difficult to dry at this stage but lose feed value quickly as they mature. Stemmy, and over-mature forages have a reduced sugar content and will not ferment well.

### Moisture Content

Ideal moisture content is between 50-60%. This is the ideal range for fermentation to occur. If bales are wetter than 65%, the extra water causes an improper fermentation and often the silage is slimy, foul-smelling and contaminated with Clostridium. Botulism poisoning is possible. If moisture is less than 50%, there are usually more air spaces in the bale with allow more respiration and the pH will not drop as fast as it should. This will result in more molds and the baleage will have a shorter bunk life when fed.

### Wrapping Time

Ideally, forage should be wrapped immediately after baling; however, research has shown that forage quality is maintained as long as it is wrapped within 12 hours of baling. Any delay in wrapping bales results in increased heating of the bale once it is wrapped. High temperatures cause the protein in the crop to be heat damaged.

### Wrapping Technique

At least 4 layers should be applied to each bale. Wrap bales with a 50% overlap to assure a good seal. Bales wrapped in the rain often do not have a good seal due to water droplets trapped between the layers of plastic. Research information from Penn State University indicates that a plastic thickness of 7-8 mils is necessary to keep baleage for up to 9 months and during hot summer temperatures. The plastic used in baleage does not create an airtight seal. Low-density polyethylene silage films are four times more permeable to carbon dioxide gas than to oxygen gas, allowing the bales to vent excess carbon dioxide gas as fermentation begins.

For more information, contact your local County Cooperative Extension Service office. Educational programs of the University of Kentucky Cooperative Extension Service serve all people regardless of race, color, age, gender, religion, disability or national origin.



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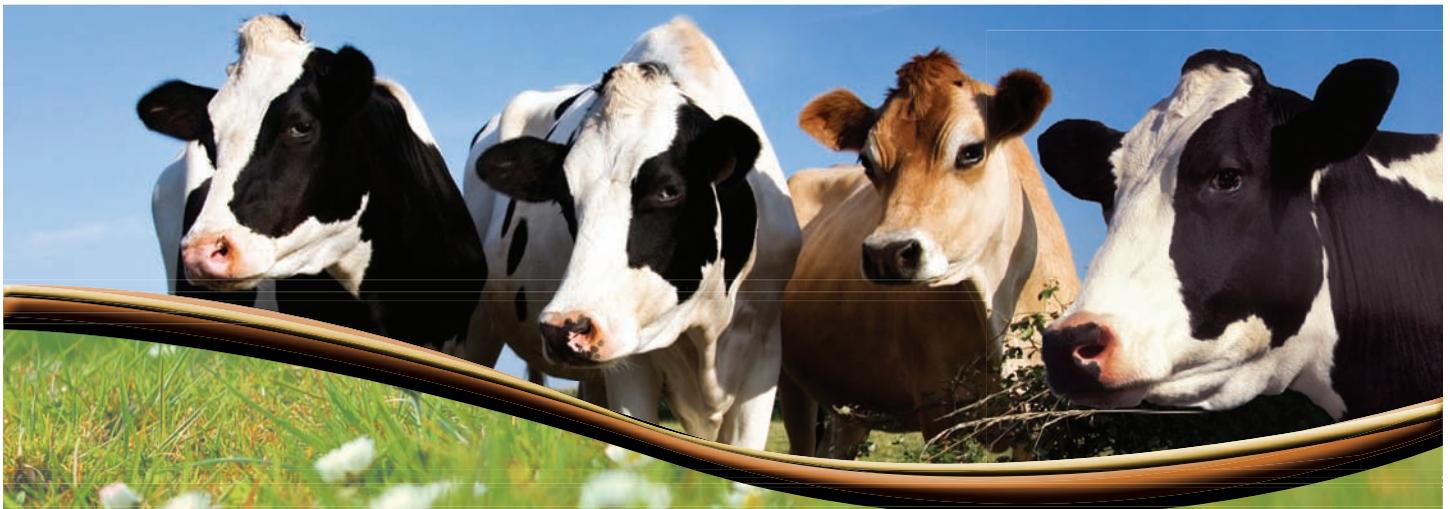
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*Cont'd from page 1*

like to thank Gary Lane for donating the various milk bottles from former processing plants, representing Kentucky's proud dairy heritage and to Dairy Farmers of America Milk Coop for the cheese basket.

Day two, the KDP Meeting, sponsored by UK, SUDIA, KDA and KDDC more than doubled the attendance of the YDPC. The partners put in significant preparation to pull off such a good dairy event. There were four speakers, from Pennsylvania to Atlanta, discussing cow signals, how to recognize and prevent lame cows, enhancement of the image of dairy and "Dedicated to Dairy". A producer panel comprised of three KY dairy farmers discussed cow comfort in different types of facilities: Adam Robey, sand bedded free stalls; Stephen Weaver, tie stall barn; and Bob Klingenfus, compost bedded pack barn. KDDC conducted their Annual Business Meeting recognizing outgoing board members and introducing newly elected directors. Dr. Jack McAllister, UK was honored for his years of dedicated service to the dairy industry.

We thank everyone for attending and hope all enjoyed.



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## 2013 Dairy Calendar of Events

### March

March 11-14 Professional Dairy Producers of Wisconsin - Dairy Business Conference –Madison Wisconsin  
March 18 4-H Dairy Jeopardy Contest-Barren County Extension Office

### April

April 4-5 Dairy Calf and Heifer Conference- Lancaster, Pennsylvania  
April 5-6 Kentucky National Show and Sale- Louisville Kentucky  
April 27 State 4-H Cow Camp – Adair County

### May

May 19-22 Alltech International Symposium – Lexington, Kentucky  
May 25 June Dairy Day-Harrodsburg, Kentucky

### June

June 6 WKY Pasture Walk – Christian or Todd Co. TBA  
June 11 Dairy Nite - Lexington Legions - Lexington, Kentucky  
June 20 Dairy Nite – Bowling Green Hot Rods- Bowling Green, Kentucky  
June 22 Barren County Agriculture Day- Glasgow, Kentucky  
June 25 State 4-H Dairy Judging Contest- University of Kentucky Coldstream Dairy

### July

July 1-3 KY Farm II Start Dairy Tour - VA

### October

October 2-5 KDDC Young Dairy Producer WI Trip, Madison, WI  
October 26 Dare to Dairy- University of Kentucky Coldstream Dairy