March - April
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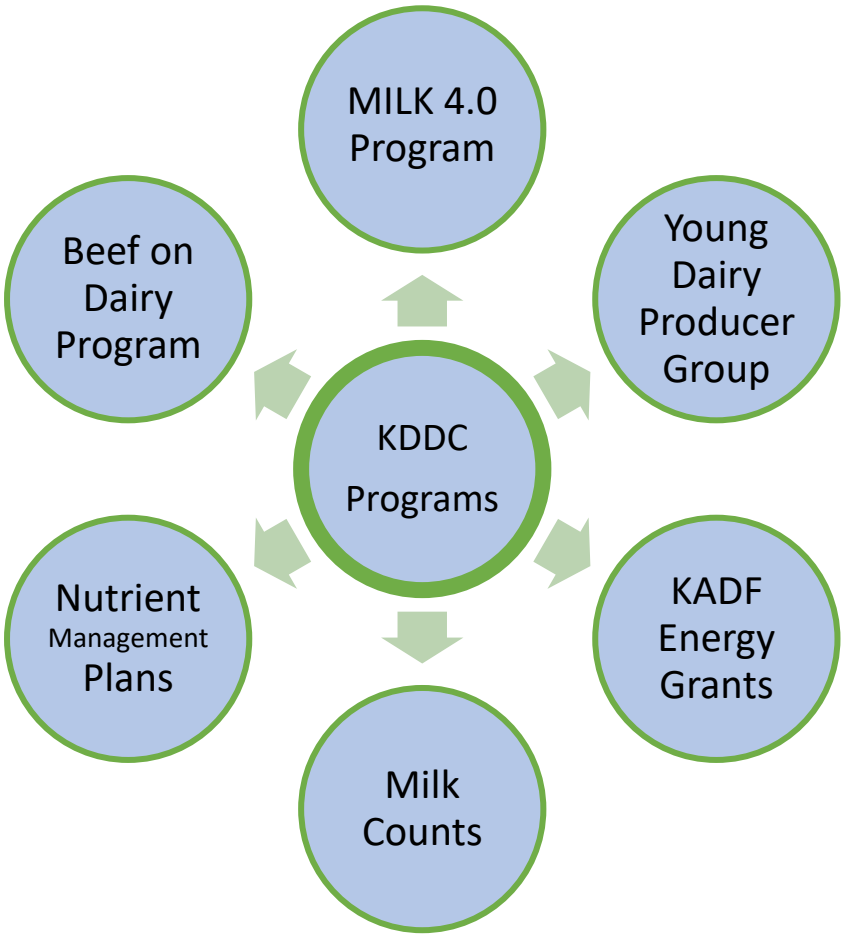
KENTUCKY Milk Matters

Supported by

KDDC Kentucky Dairy Development Council

KADF Kentucky Agricultural Development Fund



Do You Know About KDDC's Programs?

KDDC has been committed to bringing programs and opportunities to Kentucky dairy producers since inception in 2005. For 18 years we have been developing programs and partnering with industry organizations for our producers benefit that follow KDDC's four goals: 1) To increase producer profitability, 2) To improve dairy farmer's competitiveness, 3) To enhance dairy farm families' quality of life and 4) To assist in the viability of KY's dairy industry. Be sure to follow each issue of the 2023 Milk Matters as we highlight our current programs and ways we help other organizations provide services to dairy producers. Next up is Beef on Dairy Program.

more information on page 5

President's Corner Freeman Brundige

One benefit of living in Kentucky is the ability to experience all four seasons in a single 24 hour period. And sometimes a thunderstorm or tornado is thrown in for good measure. Dairy farmers across all our southern states have had to deal with wind and storm damage and of course the worst part of it, power outages. Just another example of dairy producers' commitment to care for their cows and keeping the supply of milk for our customers.

Hopefully as Spring comes on in we can get some more stable weather and get started on planting and harvesting crops. We had a very rewarding Dairy Partners Meeting with good attendance and great speakers. Also the dairy business is still abuzz with plans to transform some of our milk pricing methods, both through the Federal Order System and the 2023 Farm Bill. Some of the topics include helping to move some of the financial burden of balancing the southeast market from the farmers to the handlers and ultimately the consumers. More hearings are coming up, and we at KDDC and our partners will try to represent the interests of our Kentucky farmers.

The grant application period is now open for two new grant opportunities through the Southeast Dairy Business Innovation Initiative (SDBII).
(See more on pages 18-21)

The Farm Infrastructure Improvement Grant will provide funds for projects that increase milking parlor throughput to reduce labor costs, improve animal comfort to increase production, and facilitate milk marketing efficiencies by expanding storage and ease of transportation of raw milk. Applicants can apply for up to $100,000.00 in reimbursable funds through this grant program. $3.2MM in award funding will be available in this category and around 32 grant awards will be funded under this call. Applicants must provide a cash match of 25% on eligible expenses. Find more information on eligibility and how to apply at: **https://tiny.utk.edu/farm-infrastructure.**

The Precision Technology Investment Grant will support the utilization of new and existing technologies that help farmers track and manage key farm metrics to maximize the impact of inputs like labor, feed, and fertilizer and improve farm efficiency. Applicants may apply for up to $200,000.00 in funding from this grant program. $2.13MM in award funding will be available in this category and at least 10 grant awards will be made. Applicants must provide a cash match of 25% of eligible project expenses. Find more information on eligibility and how to apply at: **tiny.utk.edu/precision-technology-grant**.

Applicants may apply to either the **Precision Technology and Management Grant** or the **Farm Infrastructure Improvement Grant** in a calendar year, but not both. **Both grants are due 5:00pm/ET on June 2, 2023.**

Jennifer Hickerson • Kentucky State Coordinator • 859-516-2458
https://valueaddeddairy.tennessee.edu/sdbii/

Milk Cow Inventory Increases

Commissioner Ryan Quarles

At the beginning of January, Kentucky's cattle inventory was 1.93 million. That number reflected a 5.1 percent decrease from 2022 and the lowest level for cattle inventory in Kentucky since 1959. It's a reflection of what farmers are seeing nationwide with cattle numbers. Despite the decrease, cattle still remains one of Kentucky's top livestock. Kentucky ranks 14th nationally for cattle inventory and remains as the state with the largest number of cattle east of the Mississippi River.

While the total cattle inventory showed a decrease, milk cow inventory showed a 2.3 percent increase since 2022. It was the first January 1 year-over-year increase since 1986. It was a bright spot for dairy farmers. One that I was happy to see in black and white figures.

Keeping livestock healthy is one of the top priorities for the Kentucky Department of Agriculture. But, we are beginning to see a trend with large animal veterinarians that might impact farmers' abilities to get the help they need to keep their herds and flocks safe and free of disease.

Nationwide, a shortage of large animal veterinarians is creating a negative impact as farmers search to find the veterinary care they need for their animals. Large animal veterinarians are essential to the protection of the nation's food supply. Only 5 percent of veterinarians in the U.S. practice on large animals. The other 95 percent have turned to companion animal practices, research, or regulatory. In Kentucky, large animal veterinarians make up an even smaller percentage. Only about 3 percent of veterinarians in the state have dedicated large animal practices.

Last year, the Kentucky Department of Agriculture invited industry stakeholders to participate in two discussion meetings to explore reasons for the vet shortage and possible solutions. The idea for a working group was developed out of these discussions.

Following up on that plan, I invited a number of industry experts to sit on this working group. The group contains an excellent cross section of 20 individuals that will represent just about every livestock interest for agriculture in the state. Included in that working group is Dr. Charles Townsend, who represents the interests of the Kentucky Development Dairy Council.

Together, this group is tackling the large issue facing Kentucky about the shortage of large animal vets to protect our animals. Large animal veterinarians are the first eyes in the field to finding disease within our herds and flocks. They are essential to fighting disease, while trying to aid farmers to maintain healthy animals.

During the discussions last year, stakeholders listed some of the reasons for the shortages as:

- Salaries – Large animal veterinarians often make less on average than those in other areas.
- Debt load – The average debt for a graduating veterinarian is more than $200,000.
- Burnout – Long work hours, strenuous work, and unpredictable schedules have driven many large animal veterinarians from the field to find work in other vet areas.
- Retirements – Almost 40 percent of the large animal veterinarians in Kentucky are within 10 years of retirement.

The stakeholder meetings last year also identified possible solutions the working group will further explore. These include, but are not limited to:

- Changes to current loan programs and potentially new opportunities offered by state and federal government to assist with student debt and beginning a practice.
- Incentives programs to encourage and recruit graduating veterinarians to enter into large animal practices in a rural or underserved area.
- Develop programs to introduce young people to opportunities as a veterinarian early in their education through organizations, such as 4-H, FFA and career tracks in schools
- Review the criteria for admittance to veterinarian schools to see if changes might identify individuals more likely to choose this area of veterinary careers.

The working group, which had its first meeting Feb. 28, will dig into these issues and work to develop solutions. The plan going forward is for the working group to establish committees focused on areas already identified with the full group to meet every other month, the next meeting being in April. All meetings will be open to the public. As meeting dates are decided they will be announced by the Kentucky Department of Agriculture.

Executive Director Comments

H H Barlow

The trees are budding and the wheat and rye grass are growing fast. I pray we do not have a killing freeze in early April, as we all need to replenish our forage inventory. It is beautiful to watch the buttercups and everything green up.

I know many of our dairymen are hurting today because of the 70-80 mph winds we had on March 3rd. I have seen many videos of barn roofs gone, buildings knocked down and trees down everywhere with the loss of power. I know this is a real problem for many of our producers. It is not only costly but very hard on our cattle and our workforce, to have to clean up damage and repair buildings. We pray for everybody's safety during this time. Thank the Lord for our neighbors, electric company repairmen, and county road crews, who are working diligently to help us return to normal.

We just completed our Kentucky Dairy Partner annual meeting. It was a huge success. We had 239 attendees on Tuesday and 189 on Wednesday. 64 farms were represented, over 40 exhibitors, and we raised $4,100 for youth activities, from the live and silent auctions. Interestingly, there were folks from sixteen different states at the conference.

The highlight of our Dairy Partner meeting is the awards program. We had seven herds recognized with production averages over 30,000 lbs. per year. The Sparrow family from Owen County won the Gary Lane Memorial Award for top production in the state. The summary of winners is in this newsletter. With these excellent high herd averages Kentucky has totally destroyed the myth that it is hard to get top production in our state.

Looking at farm numbers, it appears we have lost approximately twenty dairies this last year, which is around five percent of our dairies. Nationwide over 6.4 percent of dairies exited the business. Wisconsin lost 417 dairies. This is a disturbing trend that we must find a solution for to keep from losing these operations.

The milk price, high input cost, and labor issues appear to be the main reasons for the farm departures. All of these issues are national problems that are very difficult to alter on an individual basis. KDDC is in the national conversation by participating in Federal Order hearings and meaningful conversations with dairy leaders in other states regarding the upcoming Farm Bill. We are hoping for some positive outcomes in the Farm Bill for dairy farmers.

Two economic bright spots are cull cow prices and dairy insurance. It appears beef prices are going to be high all year. The Dairy Margin Coverage insurance payments kicked in for January milk. They paid $1.56/cwt. for January and payments are predicted to be over $3/cwt. up to the 5 million lb. limit.

KDDC staff has asked federal officials to raise the 5 million lb. limit to 10 million lb. to help more of our mid-sized dairymen. With the 4 to 5 dollar drop in the milk price it would be difficult to survive without the DMC.

We are getting prepared to help host the National Holstein Convention which will be held in late June in Lexington. This will be a great time to showcase our top herds. KDDC made a video of all award winners which we showed at our KDP meeting and will do the same showing at the Holstein convention. Our hope is we can attract some interest from dairies across the country who might be desiring to expand or relocate their operations. Kentucky has a lot of offer with our abundant water, great feed growing capability, friendly environmental regulations, and a great market for milk to our south.

Make plans now to attend our dairy ball game nights at the Lexington Legends on May 30 and Bowling Green Hot Rods June 1. These are always fun events for our dairy farmers and their families.

Good luck with spring planting. I pray the wonderful weather will continue and we get a great crop started. Enjoy these beautiful days with a piece of pie and ice cream.

#2-KDDC Beef on Dairy Program

Beef on dairy is a worldwide concept that has grown substantially over the years having the potential to provide the world with the desired optimal type of beef that processors, consumers and chef's, feedlots, and markets desire. Education is the fulcrum of success for beef on dairy. Proper education plays a significant role for success where beef on dairy is concerned for producers through decision making in reproduction management, calf management, nutrition management, and logistics and marketing. There is a great opportunity for dairy producers to achieve premiums from sourcing the correct type of beef on dairy animals.

KDDC engineered a program to help provide the education and resources necessary to help dairy producers to achieve this extra source of profitability and maintain sustainability for their operations. The KDDC Beef on Dairy Program encompasses the areas of education, identification, and sire selection.

Education is provided in a multitude of areas to create a successful program and opportunity for dairy producers. Education starts at the foundation and builds from breeding to market. This tier of the education program will concentrate on the management of reproduction decisions and baby calf management. The why and how of choosing a correct bull for mating dairy animals to achieve the type of calf wanted along with educating on deciding what cows should be bred to a beef bull through our genomics program will be our next featured program. Education on proper calf management that is key to successful growth of the calf such as colostrum protocols, proper identification and standard health protocols are all part of the KDDC Beef on Dairy program and will be done through various means including but not limited to small producer meetings, one on one education, and literature. In 2021 KDDC launched its first Beef on Dairy meeting and tour event at the Blue Grass Stockyards in Lexington, Kentucky.

Identification of the measures you as a producer are taking in breeding and raising a desirable beef on dairy animal is crucial in obtaining and growing a supreme standard of acceptance of animals. KDDC provides specialized KDDC tags to producers participating in the KDDC Beef on Dairy program. Use of the specialized tags signifies that those animals have met the criteria within the frame of the program.

Carrying KDDC tags into area market places and with buyers of beef dairy crossed animals for beef purposes will provide acknowledgement of an associated set of qualified correct breeding criteria resulting in desired beef, a set of optimal health standards and practices as well as maintaining appropriate nutrition that results in highly desirable beef therefore achieving the goal of providing high quality beef into the market place and producers receiving optimal prices for their beef dairy cross animals.

Utilization of the correct beef semen on dairy cattle is the initial step in beef on dairy. In 2022 KDDC initiated a sire selection cost share program encompassing the two management types that producers are using, herd bulls and artificial insemination. Research states that the correct crosses of an appropriate beef bull to a dairy cow will produce an animal with desirable carcass, marbling, and ribeye size. The semen incentive helps producers make the correct choice when breeding their animals. The adage of any beef bull will do is in the past. Processors and consumers are desiring a high-quality beef source that can only be provided through correct management decision making. The first one being what is the correct bull to utilize. Without this first piece we don't have the foundation to finish a desirable sought after product.

continued on page 6

Photo by University of Wisconsin-Madison

continued from page 5

The Semen Incentive Cost Share portion of the Beef on Dairy program works as follows: KDDC will provide qualified participating producers a cost share opportunity of 50% up to $15 per straw of qualified semen used in breeding their desired dairy cows to beef up to 40% of the number of cows in the herd. Statistics state that the normal number of services that it takes on average for a dairy cow to become bred is two. Therefore, we will cost share on up to 2 straws per cow if needed. It is estimated that the program will potentially help create 3,000-4,500 desired beef on dairy animals with the knowledge that every straw of semen will not result in a pregnancy or live calf. DHIA or self-certification will be utilized in determining a herd's capacity to be approved for using the calculation of 40% of the number of cows in the herd. Any bull that is associated with and approved through an existing AI company's individual beef on dairy program qualifies. If a sire is not on an existing program, then they must meet the KDDC Beef on Dairy Semen/Bull Criteria that can be found in this article.

Not all dairies utilize artificial insemination therefore we have included a herd bull option along within the KDDC Beef on Dairy program. There are appropriate bred bulls that meet the criteria of successfully breeding a desired beef dairy cross calf. To provide an equitable program for all we offer a cost share opportunity for those under this option. This option has a limit of one herd bull per herd set with a cost share of 50% up to $2,500.00 per bull. Each bull will be required to meet the EPD standards set forth by KDDC to ensure that a desirable type of calf is bred.

Not signed up on our Beef on Dairy program yet? It's really simple! See the Criteria and Instruction below to see just how easy it is to participate.

OVERALL PROJECT PARTICIPATION REQUIREMENTS AND PARAMETERS

- Permitted Kentucky dairy farm
- DHIA or equivalent qualified management program
- Verification of number of cows
- Maximum animals per herd eligible is 40% of cows that is represented on DHIA or equivalent management program
- Limit of 2 straws of semen per cow based on eligible number of cows
- Semen must meet KDDC specific qualification criteria
- Cost share of semen is 50% up to $15.00 per straw
- Herd bulls must meet KDDC EPD requirements for program
- Herd bulls are limited to one bull purchased per herd
- Cost share of bulls is 50% up to $2500.00 per bull

INSTRUCTIONS FOR PARTICIPATION AND COST SHARE REIMBURSEMENT

- Complete a Beef on Dairy Producer Agreement and Self Certification Agreement form
- Submit invoices for semen reimbursement
- Invoices must include the following: sire information, cost per straw, number of straws purchased and date of purchase.
- If submitting reimbursement for a herd bull the invoice must include genetic information, date of purchase and purchase price. If purchased without genetic information you have the option to genomic test to acquire that information at your expense.
- Submit invoices to: Jennifer Hickerson, PO Box 293, Flemingsburg, KY 41041 or email j.hickersonkddc@gmail.com or submit through your consultant. Complete program information can be provided by Beth Cox at 859-516-1619, bethcoxkddc@gmail.com

Angus x Holstein
CED >= 3
$AxH >= 98 (40%)

Limousin x Holstein
CED >= 9
CW <= 31lbs (65%)
YW >= 104 (40%)
Marb >= -.08 (50%)
REA >= .91 (50%)

Red Angus x Holstein
CED >= 11
CW <= 31lbs (75%)
YW >= 104 (40%)
Marb (NR)
REA >= .25 (25%)

Simmental x Holstein
CED >= 7
API >= 133 (40%)40%

Angus x Jersey
CED >= 3
$AxJ >= 80 (40%)

Limousin x Jersey
CED >= 9
YW >= 115 (20%)
Marb >= -.08 (50%)
REA >= .91 (50%)

Red Angus x Jersey
CED >= 11
YW >= 115 (20%)
Marb (NR)
REA >= .25 (25%)

Simmental x Jersey
CED >= 9
API >= 133 (40%)

If interested in learning more about our Beef on Dairy program, reach out to your consultant for more information. Our beef semen/bull cost share program is still in effect for 2023 and 2024. If utilizing beef on dairy breeding and you're not implementing genomics as a management tool for your farm be sure to check out our #3 program highlight "Genomics" in our next issue to learn how you can partner the two programs together to increase chances of even more profitability for your operation. Or better yet get started today. Contact your consultant to learn more!

KDDC is supported in part by a grant from the Kentucky Agricultural Development Fund

T & K Dairy Farm

by H.H. Barlow

T&K is the McPherson family farm situated in southeastern Barren County. The farm straddles the Barren-Monroe County line 15-20 miles from Tennessee.

Terrell McPherson and son Kenny started the dairy in 1980 and were milking 60 cows by 1985. By 2001 they were milking 300 cows. In 1998, they hired Jamie Wood to work on the dairy, he soon became the herdsman and is in charge of managing the herd on a daily basis. T&K continued to grow throughout the 2000's reaching 600 cows. In 2017 they built a new double 20 parlor and are today milking 980 cows, shipping ten semi-loads of milk a week.

They are a very well managed herd with a rolling herd average of 26,452 lbs. milk. Their breeding program is intense with all cows going on a synchronization program. All of the feed is home grown with corn silage the main ingredient. They also use a lot of wheat and rye grass to chop and roll. They have over two thousand head total raising all their replacements and sometimes some bull calves.

Terrell passed away in 2018. His wife Frances is still involved in the operation. All of Kenny's family is involved in the farming as well. Kenny credits this total family involvement as the key to their success and will guarantee their future sustainability. Kenny and Stacey have three children. Kaelin, their son, is married to Jenna. They have two little boys aged three and one. Kendall is married to Ethan, and they have a six-month-old boy. Klaire is fifteen and still in high school.

Kaelin and Ethan work mainly with the crops. They designate 1600 hundred acres for feeding the dairy, and 1500 more acres for cash grain. Kendall does most of the book-keeping but also gets involved in the dairy especially packing silage and wherever needed. Jenna is called on to drive silage trucks as well. It was exciting for me to visit with them and see the coordinated effort of everyone. All were willing to do whatever was necessary. It is a very large operation that has mostly grown from within. Whenever needed, they build a new barn for housing cows.

The barns are all connected to the same manure system. They use a sand lane system for most barns but some are bedded with sawdust.

T&K hauls their own milk which requires four trailers and two tractors. So far, Kenny believes hauling their own milk is a good program but it is not a profit center. Kenny is an excellent manager that delegates many responsibilities to his team and family members.

In visiting with Kenny and Kaelin, the word that stood out to me is a spirt of cooperation and togetherness to get the job done, whatever it took.

The family picture includes everyone except Frances. This picture was taken right after church a couple weeks ago. Faith plays a big role in their life as the whole family attends church together. It is the foundational rock and glue that keeps the family together and successful with the goal being a long-term dairy.

In my travels, I am often asked "Are not those big dairies corporations with investors." T&K is a big dairy dealing with millions of dollars, but I can assure everyone that it is a family owned and operated dairy.

Thank you, McPhersons, for sharing your life in our newsletter.

Farm Bill Math Updated in New CBO Baseline

Daniel Munch Economist

The Congressional Budget Office (CBO) releases projections on expected spending for farm programs for the 10-year baseline – the current budget year plus 10 years – up to three times a year. CBO's most recent Baseline for Farm Programs was released on Feb. 15. These projections identify expected outlays for farm program spending, assuming existing programs continue without changes, and indicate program spending available to Congress as crafting of the 2023 farm bill kicks into higher gear.

Farm bill math creates a few possible scenarios. Depending on negotiations between the Budget and Agriculture committees, the next farm bill could be required to be budget neutral, meaning any increase in spending in one part of the bill would require a decrease in spending elsewhere in the bill, it could be required to have an overall net reduction or a decision to increase spending. Given such budget directives, scoring (estimating the additional outlays and potential savings relative to the baseline) would be one of the most critical components of farm bill development. From now through the farm bill's passage, any change in policy will require an estimate of the budgetary impact.

Nutrition Spending Rises with Inflation

Inflation has been at the top of the hot-topics list for some time and, as expected, will play a role in government spending in the foreseeable future. In CBO's projections, the Federal Reserve's tighter monetary policy will slow economic output and increase unemployment in the short run with a long-run goal of 2% inflation from year to year. For now, however, consumers continue to face record prices for everyday expenses including food products. The government's nutritional support programs are not exempt from these higher costs. One of the largest outlays for nutrition is for the Supplemental Nutrition Assistance Program (SNAP), which provides benefits to eligible low-income individuals for the purchase of eligible food in authorized retail food stores and is reauthorized within the farm bill. CBO has increased its estimate of outlays for SNAP by $8 billion (6%) for 2023 and by $93 billion (8%) between 2023-2034.

One reason for this expected increase is additional SNAP enrollment resulting from the Federal Reserve's attempts to fight inflation. Extended periods of higher interest rates often leads to higher unemployment and more people in need of nutrition support. A second reason for these increases is the upward cost projections for the Thrifty Food Plan (TFP). The TFP is one of four food plans USDA develops to estimate the cost of a healthy diet and represents a "nutritious, practical, cost-effective diet prepared at home for a 'reference' family, which is defined in law as an adult male and female, ages 20-50, and two children, ages 6-8 and 9-11." In addition to record food prices riding the back of inflation, TFP re-evaluations, which per the 2018 Farm Bill will now occur every five years, have resulted in expectations for higher costs of a nutritious diet that would need to be funded under SNAP. This corresponds to increases in estimated program outlays.

As displayed in Figure 1, funding for SNAP has outpaced farm program spending since the early 1970s. In the most recent 2024-2033 CBO projections, SNAP is estimated to make up 82% of farm bill spending, followed in a distant second by federal crop insurance at 6.6%.

Based on the 2024-2033 10-year outlay projection, a 2023 farm bill would cost nearly $1.5 trillion, making it the most expensive on record. Figure 2 breaks down the period by major category. Crop insurance outlays, which include delivery expenses, underwriting gains and premium cost-sharing, are projected at $97.1 billion during the same timeframe. Spending on commodity support programs such as Dairy Margin Coverage (DMC), Price Loss Coverage (PLC), Agriculture Risk Coverage (ARC) and the many authorized disaster support programs are estimated to cost $61.8 billion, 4% of the total score and 1% higher than the May 2022 forecast. Conservation programs such as the Environmental Quality Incentives Program (EQIP) and the Conservation Reserve Program (CRP) are estimated at $57.5 billion, or 4%, of the total score. This 3% drop from the May 2022 score is primarily linked to a decline in expected CRP spending. The figure also includes $34.7 billion in spending that was passed in the Inflation Reduction Act for agriculture, forestry and rural development. CBO scored the IRA conservation baseline at $18.05 billion for programs traditionally authorized through the farm bill. Questions persist on how this IRA funding could impact farm bill program spending, prompting its tentative inclusion in our analysis below.

Cost of Farm Programs Higher for Some Commodities

Costs for many of the provisions of current farm programs move in the opposite direction of commodity prices. Recent periods of higher prices have resulted in lower commodity support payments. The distribution of farm program payments follows base acreage in the U.S. Corn, soybeans and wheat represent over 70% of all program payments, while rice, cotton

and peanuts represent another 20%. Sorghum, upland cotton, dairy and other smaller field crops represent the remaining 10 or so percent of outlays, as shown in Figure 3. These outlays come in the form of PLC or ARC payments, and the margin protection program for dairy outlays though DMC.

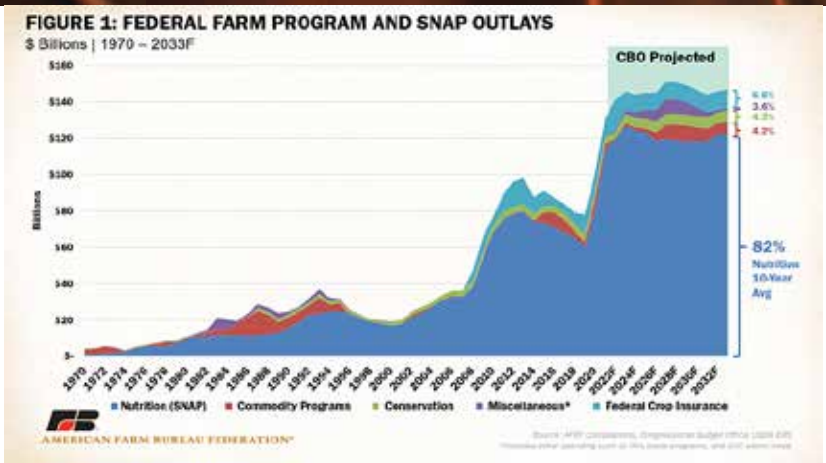
The change in farm bill outlays is due to a variety of factors. First, price expectations for several covered commodities are related to supply and demand conditions. For example, consider that strong global supply uncertainty and high production costs have increased corn prices in recent years (over $6/bu) and led to lower actual ARC-CO payments. CBO's February projections are for marketing year average corn prices to remain slightly above $4 per bushel over the next decade, slightly lower than projections made in previous scores. These lower corn prices contribute to an additional $8.9 billion in ARC-CO and PLC outlays for corn over the next 10 years compared to CBO's July 2021 report.

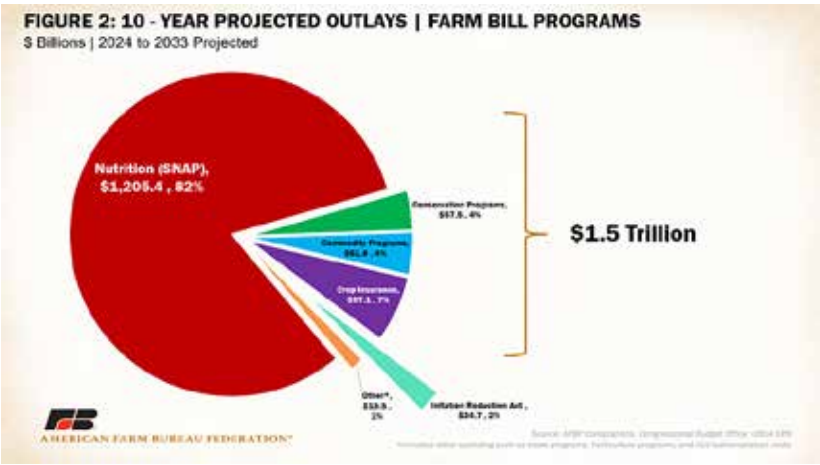
While government costs of the corn program are expected to increase due to weaker prices, other commodities saw their outlays decrease due to higher market prices. For example, CBO raised expectations for milk margins in future years. In July 2021, CBO estimated the five-year average DMC milk margin at $8.78/cwt, and in the most recent baseline, the five-year average price was $10.70/cwt, as shown in Figure 4. In 2021 alone, DMC payments exceeded $1.1 billion. Projected higher milk margins lowered forecasted DMC payments by $4.6 billion over 10 years, compared to the 10-year July 2021 score.

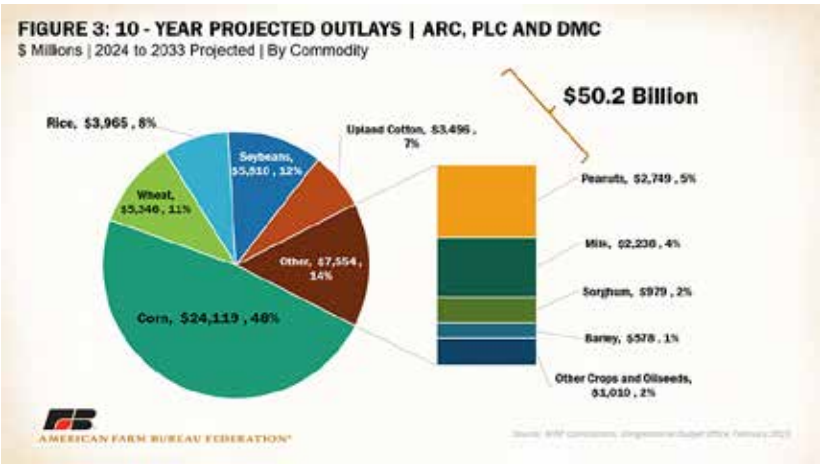
Questions have been raised regarding the timing of CBO's scoring. Recent USDA forecasts for commodity prices show considerable changes that are not reflected in the CBO projections, which could overstate actual outlays for crops such as cotton.

Implications

This most recent CBO baseline on farm program outlays is an important indicator of the budget outlook going into the next farm bill debate. Underpinning these budget forecasts are important estimates of commodity supply and use. Lower than forecasted commodity prices would be expected to result in higher outlays by the next baseline estimate. Similarly, improvements in commodity prices would result in lower projected outlays for farm programs. Record nutrition spending linked to inflation and increased costs leads to questions regarding market-related adjustments within farm-related programs. Like consumers purchasing food at the grocery store, farmers and ranchers face macroeconomic pressures when they purchase inputs and services. Few pieces of legislation are more significant than the farm bill when it comes to safeguarding our domestic food supply. Ensuring that program funding is reflective of market changes is critical to maintaining the farm bill's role in national security and the health and well-being of rural communities.







Kentucky Sets Sights To Be A Premier Southeast Dairy State

Commissioner Quarles issues challenge to help dairies keep improving with available grants, low-interest loans

Sherry Bunting Special for Farmshine

Over 300 dairy producers and 40 vendors participated in the 2023 Kentucky Young Producers and Dairy Partners Conference recently in Bowling Green. They were treated to speakers on a range of topics from forage production and manure management, to strategies on herd nutrition, transition cow management, genomics, and market risk management.

They also heard from Kentucky Ag Commissioner Ryan Quarles. He talked about the challenges, opportunities, and achievements and thanked farmers for their efforts.

In fact, it was announced that construction is set to begin soon on a new large dairy farm in Fulton County, a California transplant.

Kentucky Dairy Development Council (KDDC) executive director H. Barlow said attracting new dairies while strengthening and expanding existing ones is how the state will grow its milk production to maintain and improve its dairy infrastructure.

By this time next year, Barlow said he expects Kentucky to be moving up in the ranks to surpass Virginia, meaning it could gain a spot in the monthly 29-state milk production report as Georgia did a few years ago.

"We want to make Kentucky a premier Southeast dairy state. We have the natural resources, water, excellent feed growing capacity, and a farm friendly environment. We are rounding the final turn for a bright future," Barlow said.

Commissioner Quarles reported on progress made through the Kentucky Agricultural Finance Corporation (KAFC), Kentucky Ag Development Fund (KADF) and KDDC via state programs, grants and loans at 2.75% interest to blend down commercial rates for dairies wanting to diversify, modernize and grow -- including a portion dedicated for new and beginning farmers.

He issued a challenge for any dairy producer interested in expanding or improving their operations.

"Let us know what you want to do. We can make the cost much lower for you to do it," said Quarles. "This is your money (from the tobacco settlement), so pick up the phone."

Earlier in the conference during the Young Producers Meeting, Brian Lacefield from the Kentucky Office on Ag Policy detailed the grant and loan programs available through KAFC, which was created by statute in 1984.

KAFC was restructured in 2002 to provide capital access for ag diversification and infrastructure projects as part of the state's long-term plan for agricultural development. This includes funds for dairy and beef production. KADF is part of the Kentucky Office of Ag Policy to provide access to funds from the master settlement with tobacco companies for ag ventures at both the state and individual county levels.

Quarles said in his 10 remaining months as Ag Commissioner, he's pleased to see dairy grow with the opportunity now to stabilize and continue that investment.

With less than 70 days until the primary election, in which he is among the field of Republican candidates for Governor, Quarles reminded farmers that it has been two decades since the state had a governor from rural Kentucky.

"It's about time we have one of us in office. We need our rural values that are too often ignored," he said.

Reviewing 2022 as a good year for high cash receipts in agriculture, Quarles noted the drought in most of Kentucky meant costs were also higher.

Noting the impact on dairies from deadly tornadoes at the end of 2021 as well as floods in eastern Kentucky in 2022, he urged State Assembly support to get the emergency preparedness and response legislation across the finish line.

On climate goals, Quarles was clear that Kentucky needs a "statewide framework on solar farms so they do not cannibalize precious farmland. I believe in personal property rights, but we're looking at a framework that includes a reclamation bond for how these sites are decommissioned when the technology ages out."

He said the financial world's focus on ESG is something he is watching very closely to "be sure it doesn't filter down to the farm level to be put on the backs of farmers.

"Let us do what we do best to feed the world," said Quarles.

Other areas of infrastructure mentioned by the Commissioner include how to attract more food animal veterinary practitioners to the Blue Grass State.

Citing efforts to provide student loan forgiveness for days of service and talking to vet schools to reserve a few seats for applicants that are not based solely on grade point average and test scores, Quarles said farm kids who have the desire to be food animal practitioners should have an opportunity because there is a need here with many veterinary graduates going into pets and equine. He formed a veterinary working group to look at more ways to fill this need.

Similarly, Quarles said ideas are necessary to foster the dignity of work and restore pride in vocational jobs that are in demand and well paid. He talked about investments through FFA and 4-H.

On the 2023 Farm Bill discussions underway, the Commissioner said he testified twice and took the opportunity to promote dairy products in the USDA's National School Lunch and Breakfast Programs.

"Whole and 2% milk are vital for kids," said Quarles. "I wanted to make sure folks know it tastes better, so kids are going to pick up the milk instead of the soda at school. What they have access to in school is paramount on their lasting impressions of milk."

With that timely proclamation, Quarles toasted the crowd with a 16-ounce whole milk chug.

Ag Commissioner Ryan Quarles (left) and KDDC executive director and dairy farmer H. Barlow talk about Kentucky's progress toward becoming a premier dairy state in the Southeast. "Let us know what you want to do. We can make the cost much lower for you to do it," said Quarles about KADF programs and grants and KAFC low interest loans for diversification, modernization, value-added enterprises and growth. Over 300 attended the two-day Kentucky conference that started with the Young Producers Meeting Feb. 28 and ended with the Dairy Partners Meeting March 1 in Bowling Green. Photos by Sherry Bunting

Brian Lacefield, Kentucky Office on Ag Policy, kicked off the Young Producers Meeting with a detailed discussion of available programs, grants and loans for dairy investment through KADF and KAFC. "These are not subsidies or price supports. These are incentive programs that are part of the mission to diversify agriculture away from tobacco and to increase net farm income. Kentucky is the only state to put this significant portion of the tobacco settlement directly to agriculture," said Lacefield.

Kentucky Dairy Farmers Hear About Smoothies, Milk Dispensers And Moo Brew In Schools

Nutrition director: 'Look at who you are competing against'

Sherry Bunting Special for Farmshine

During the recent Young Producers and Dairy Partners Conference in Bowling Green, Dairy Alliance displayed the new Moo Brew makers appearing recently in some Kentucky schools and sponsored Jennifer Wheeler to speak on school milk innovations. As the nutrition director for Marion County Public Schools, Wheeler uses all three Dairy Alliance programs: the smoothie machine, milk dispensers (instead of cartons or bottles), and Moo Brew makers.

She told the that whenever government nutrition standards "take flavor out of something, like milk, they have to get flavor from somewhere -- or the kids are not going to consume it."

This, Wheeler suggested, is the downfall of current milkfat rules for schools and the new USDA proposals to cut sugar levels and flavored milk.

Not only is school milk a key to nutrition for children, "the more milk we have in our program, the more meal participation we have," said Wheeler.

Wheeler holds a degree in family and consumer sciences and majored in early childhood development.

"I know that fat and calories in whole milk encourage necessary brain development," she said. "I am just giving you information here that new guidelines could come down as early as June that will affect milk again."

School cafeterias have to pay their own way, typically not receiving any funds from their district's budgets and relying solely on USDA National School Lunch and Breakfast Program reimbursements as well as a la carte purchases.

"Our big ask is for USDA to maintain current reimbursement levels," she said.

Wheeler described the school cafeteria dilemma, saying fast food chains are their competition. Many high school students are on work-study and vocational or AP college course schedules, so students will pick up breakfast or lunch off campus.

"We find ways to entice our kids to eat with us, to find the things that look like what they see out in the community. We have to know our competition," said Wheeler. "If we don't have what they want, they'll go to the nearest drive-through."

With milk, said Wheeler, "you have to look at who you are competing against -- the Coke products, Powerade, and juices that are not really even juice."

She has learned to "think outside the box" to draw students in. This includes making more meals from scratch and adopting the three Dairy Alliance programs, including the Moo Brew.

What is Moo Brew? It's eight ounces of fat-free milk, two ounces of coffee (decaffeinated for middle-school grades), and a splash of flavor syrup over ice.

It's a twist on milk that brings kids into Wheeler's cafeterias for breakfast in that hard-to-reach grade 6 through 12.

Like the smoothies, Moo Brew takes time and staffing, especially now that they give a free Moo Brew with every breakfast (also free). It started a la carte, but they found that if they give a free Moo Brew, more teens will come in to eat breakfast, and the increased participation makes the giveaway worthwhile.

Jennifer Wheeler, school nutrition director for Marion County Public Schools, showed how she uses three Dairy Alliance programs to use milk to increase school lunch and especially breakfast participation: smoothies, milk chiller dispensers, and Moo Brew makers. All three are labor intensive, but she sees benefits in participation. Composite photo by Sherry Bunting

Students have to be in the breakfast line by 8 a.m. to get one, so this has helped reduce tardies, she said.

Getting kids into the breakfast line at the Marion County schools is one big reason they are doing Moo Brew and smoothies. At the middle school they alternate. At the high school and the 8 and 9 grade center, they do Moo Brew every day and smoothies every other day.

She said the smoothies are fully reimbursable by USDA because they contain a milk, a fruit, and a grain product. But new USDA clarifications state that they can't be premixed, so as much as the kids love them, they are labor intensive.

The Dairy Alliance paid for the equipment.

Like 80% of Kentucky's school districts, Marion County Public Schools are universal free lunch and breakfast schools.

"We tell parents that if their child eats both meals every day with us, they'll save $900 per child per year," said Wheeler. "That is significant, but the kids have to want to eat it."

Wheeler noted that Marion County schools are a "Kentucky Proud" district, which means they buy products made and grown in Kentucky wherever possible.

She reports Marion County schools serve breakfast to more than 60% of their students, and she gives some of the credit for this achievement to the smoothies and the Moo Brew.

Kentucky Young Producer Meeting

Producer panel: Genomic reliability is improving, Health traits and components are big draw today

Sherry Bunting Special for Farmshine

How dairy producers use genomics is not a 'cookie cutter' deal. Some look to develop marketable genetics. Others want to improve a commercial herd in specific areas. Some use the numbers to fine-tune and set benchmarks to identify the cows that will contribute replacement animals, allowing diversification on the lower-end such as beef-on-dairy.

All of these avenues help move dairy herds forward as this technology is used to fit each farm's business and management objectives.

Three dairy producers gave their perspectives on "the betterment of dairy cattle through genomics" in a panel discussion that was part of the Kentucky Young Producers meeting on the first day of the Dairy Partners conference attended by over 300 people in Bowling Green recently.

As more animals are tested, the reliability of selection criteria will keep improving, the panel suggested. As more data flows in, more things come out in terms of selection criteria -- along with the increased reliability.

The panel agreed they have more confidence in the system now than they did 10 years ago. They also agreed balance is still important in sire selection. The biggest thing today, they said, is how to use genomics to improve health traits and components.

Health traits, udder score, milk fat and protein, as well as conformation and balance are among the top things they said they look at -- rather than focusing just on elite total performance indexes (TPI).

"You can take the top cow and mate her to the top bull and still have a 1500 heifer. I promise you we've got one. Whatever the index on an elite bull, I want to know: Does he have a good cow family behind him?" said Billy Wilcher, herd manager at Cowherd Dairy, Campbellsville.

This 400-cow dairy is among the partnering herds in Fit Genetics, which was launched by Dr. Jeffrey Bewley with farm partners to focus primarily on areas of Holstein genetics that fit hot, humid environments and to deliver offerings of high net merit/dairy wellness potential -- with a focus on 'fitness traits' for improved health and reproduction.

Joining Wilcher on the panel moderated by Jimmy Henning of the University of Kentucky, were Larry Embry, milking 200 cows at Longview Farms, a commercial dairy near Leitchfield and Brandon Fields of Fields Family Farms, with a 100-cow registered Holstein herd near Upton.

"We still try to use balanced bulls. The biggest thing for us is how to improve health traits and components. We can only feed them so good. Genetics gets you some more," said Wilcher.

"By genomic testing six-week-old calves, you have a rough idea of what they have the potential to do in the future before you get that investment into them," he said. "Testing also helps us keep up with the Haplotypes."

(Haplotypes are groups of single DNA units usually inherited together. For example, testing can reveal recessive haplotypes that affect fertility and stillbirth as well as discover new genetic disorders and track carrier status.)
He also recommended testing calves because "you could have something special and not know it."

At the same time, all three panelists said testing helps correct any past parentage mistakes. Global records show parentage errors industrywide can average as high as 22%.

By identifying the bottom 10% of the herd, Wilcher said they can breed those cows, along with older cows and tough breeders to Wagyu for a niche beef market.

For Embry, genomic testing helps him diversify by breeding the top 80% of his herd A.I. to sexed semen and the bottom 20% to Simme-Angus bulls.

"This way, marginal value is traded for good value in a black calf for the beef market. and we save feed, labor and costs all the way through," said Embry.

For Fields, the focus -- before and after genomics -- is to use higher end bulls on higher end cows and use the bottom 10 to 20% of the herd

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2022 KDDC District and Proficiency Awards
Top Herds - 3.5% Fat Corrected RHA Milk by District

			RHA Milk	Fat	Protein
District 1 Winner	JAMES LEID DAIRY	Christian	27799	1011	857
2nd	AMOS BLANK	Trigg	26705	969	748
3rd	ELI S ESH	Christian	26322	984	712
District 2 Winner	ROBEY FARMS	Logan	32871	1148	1004
2nd	H&S DAIRY	Butler	32339	1174	940
3rd	ALAN SUMNER	Warren	31350	1145	909
District 3 Winner	KINSLOW DAIRY	Barren	27705	1012	828
2nd	RICKY NUCKOLS	Barren	27025	979	809
3rd	BRIAN PEDEN	Barren	26906	894	812
District 4 Winner	JIM SIDEBOTTOM	Green	29438	1107	819
2nd	BILL CRIST	Metcalfe	29264	1020	873
3rd	KEITH MOSS	Green	26982	989	824
District 5 Winner	H & H DAIRY	Adair	30908	1056	915
2nd	JAMES A COWHERD & SON	Taylor	29740	1046	894
3rd	DAVID E. CORBIN	Taylor	27503	1001	835
District 6 Winner	LITTLE MOO DAIRY/MERVIN WEBER	Pulaski	30305	1101	909
2nd	JOSHUA WILLIAMS	Monroe	27890	1016	833
3rd	ADAM PING	Pulaski	25130	894	764
District 7 Winner	SCENIC VIEW/KENNETH AND MATTHEW HORST	Lincoln	31973	1135	959
2nd	DARREL L. HORST	Lincoln	30714	1101	921
3rd	HILLTOP HOLSTEINS LLC.	Lincoln	28970	1054	842
District 8 Winner	SUNRISE DAIRY/PHILLIP HORST	Fleming	26805	950	804
2nd	WAYNE MARTIN	Fleming	24613	903	710
3rd	EASTERN KENTUCKY UNIVERSITY	Madison	23933	859	736
District 9 Winner	ELMER S STOLTZFUS	Christian	24463	836	744
2nd	STEPHEN BLANK	Christian	24198	898	669
3rd	LEVI BLANK	Christian	23138	833	681
District 10 Winner	FAIRDALE FARMS/RICHARD SPARROW	Owen	34763	1296	1086
2nd	KEIGHTLEY - CORE	Mercer	19261	779	580
District 11 Winner	BILLY RINEY, JR	Washington	28637	1041	820
2nd	HART DAIRY FARM	Hardin	18330	654	565
3rd	DEEANN BAUERLE	Marion	9903	386	288
District 12 Winner	ALVIN KANAGY	Todd	29250	980	933
2nd	DAVID WEAVER	Christian	26815	951	796

2022 Kentucky Production Awards

The Gary Lane Production Award	FAIRDALE FARMS/RICHARD SPARROW	Owen	34763	1296	1086
2nd Place	ROBEY FARMS	Logan	32871	1148	1004
3rd Place	H&S DAIRY	Butler	32339	1174	940
Dairy Profiency Award Winner	ROBEY FARMS	Logan	32871	1148	1004
Kentucky Milk Quality Award	Adam Ping	Pulaksi		Score:	98.33
Kentucky Milk Quality Hauler Award	Robert Miller	Walton			

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for embryo transfer recipients.

The mastitis number from Zoetis is one of the first things he looks at to identify the bottom 10%, followed by udder width, udder score, components and conformation.

"For genetic marketing, genomic testing helps us identify recip and donor levels quicker in the herd," said Fields.

He uses proven sires and unproven sires, but he said it is rare for him to use more than 20 straws from unproven sires. He likes to see what's behind them.

Embry spreads his risk by using more sires. "When using unproven genomic sires, we don't want to put all of our eggs in one basket. We used 30 sires last year," he said.

Specific health traits in a wellness composite include lameness, respiratory and ketosis, for example, but the mastitis number is big and deemed most reliable.

Similarly, several traits go into an udder composite, so if a producer is looking to improve a specific udder trait, some of those numbers can be broken out. Again, more testing improves the reliability.

Beyond this are composite indexes for productive life that pull in not just health traits, but also production and reproduction.

Daughter Pregnancy Rate (DPR) is a very valuable metric that has evolved from genomics as a big consideration for the breeding decisions on many dairy farms.

Fields said genomic testing helps him monitor progress, achieving gains in the average index across all calves on the ground today vs. when he first started. This helps him maximize efficiencies and develop marketable genetics. In fact, his herd was ranked 17th in 2022 with 79 cows classified and achieving a BAA of 106.0.

"This is a way to diversify our dairy with the same legwork. We're already raising those heifers," said Fields. "Even if genetics are not a revenue stream on your dairy, you could have something on your farm, an outlier. Testing your calves is the only way to know that."

SCHEDULE

Friday, June 23
Dairy Jeopardy Orientation
Youth Workshop & Junior Event

Saturday, June 24
Golf Scramble
Dairy Jeopardy Contest
NHWSO & DJM Interviews
Speech Contest
Junior & Adult Luncheon
Dairy Knowledge Exam
Family Night

Sunday, June 25
Host Day (featuring Horse Farm & Bourbon Distillery Tour)
Junior Dance
Adult Banquet

Monday, June 26
Dairy Bowl Contest
HAUSA Annual Meeting
Trade Show
Non-Delegate Tour
National Convention Sale
(Fasig-Tipton with after party)

Tuesday, June 27
Delegate Breakfast
HAUSA Annual Meeting (continued)
Dairy Bowl Finals
National Junior Forum
Junior Awards Luncheon

Dixie Dairy Report
March 2023

Calvin Covington

Dairy demand in 2022. Dairy demand in 2022, measured by total solids, was 1.05% greater than 2021. Average annual demand increase over the previous five years is 1.80%. As the table below shows, exports drove the increase in 2022. Exports increased 5.23% compared to 0.21% for domestic demand. Exports represented 17.4% of total demand in 2022. Prior to 2010, exports were less than 10% of total demand. Fat exports increased 18% in 2022, however, skim (milk powder and whey products) continue to dominate, compromising 90% of total exports last year.

Fluid milk sales. USDA estimates fluid milk sales in 2022 at 43.271 billion lbs., 2.4% lower than 2021. 6.6% of total fluid sales in 2022 were organic. On the positive side, conventional whole milk sales increased 1.3%, and were 37% of conventional fluid sales. Fluid sales in the three Southeastern federal orders, combined, out performed the national average last year, only declining 1.6%. As the table below shows, year-to-year change in sales varied between the orders, up 1.6% in the Appalachian, almost flat in Florida, and down 5.2% in the Southeast order. My explanations for the wide variation in changes are: 1) Most fluid milk plants distribute milk in more than order. It is a challenge separating sales among the orders. 2) The Southeast order has lost more fluid milk plants than the other two orders, resulting in more sales in the Southeast order from plants outside of the order.

Manufactured dairy products. Disappearance of manufactured dairy products in 2022, versus 2021, tracks the total solids numbers shown earlier. As the following table shows, "other cheese" (primarily Italian cheese) is the only product that increased in domestic disappearance last year. The other products declined or were flat. Exports of butter and American cheese increased significantly in 2022. However, butter and American cheese exports are only a 6.7% and 4.6%, respectively, of these products total disappearance. On the other hand, 73% of skim milk powder, 53% of dry whey, and 66% of whey protein concentrate produced in the U.S were exported in 2022.

Milk production. USDA's first milk production report of 2023 estimates January production 1.3% higher than a year earlier. Dairy cow numbers are estimated at 9.405 million, 38,000 more head than a year ago. January milk per cow was only 0.9% higher than last January. South Dakota continues to lead the country with the highest production increase, up 9.1%. In the Southeast, Georgia continues to increase and Florida decrease. January production in Georgia was up 6.3%, while Florida declined 11.4%. Based on strong slaughter numbers and declining margins, I anticipate growth in milk production to slow and maybe turn negative in the last half of the year. 297,900 dairy cows went to slaughter in January, 37,100 more than a year ago. This is

DAIRY DEMAND (TOTAL SOLIDS) 2018-2022

YEAR	DOMESTIC	DOMESTIC % OF TOTAL	EXPORT	EXPORT % OF TOTAL	TOTAL DEMAND
	(million lbs)		(million lbs)		(million lbs)
2018	24,185.9	84.7%	4,384.8	15.3%	28,570.7
2019	24,690.3	85.9%	4,006.7	14.1%	28,757.0
2020	24,648.6	84.3%	4,587.4	15.7%	29,236.0
2021	**25,049.0**	**83.3%**	**5,021.6**	**16.7%**	**30,070.6**
2022	**25,101.3**	**82.6%**	**5,284.3**	**17.4%**	**30,385.6**
2022 vs 2021	**0.21%**		**5.23%**		**1.05%**

Source: USDA Economic Research Service

APPALACHIAN, FLORIDA AND SOUTHEAST FEDERAL ORDER FLUID SALES (2018-2022)

YEAR	APPALACHIAN	FLORIDA	SOUTHEAST	TOTAL
	(million lbs)			
2018	3,217	2,702	4,310	10,229
2019	3,141	2,676	4,133	9,950
2020	3,345	2,682	4,043	10,070
2021	3,282	2,579	3,851	9,712
2022	**3,335**	**2,574**	**3,649**	**9,558**
2022 vs 2021	**1.6%**	**-0.2%**	**-5.2%**	**-1.6%**

Source: USDA Agricultural Marketing Service

2022 VERSUS 2021 CHANGE IN DISAPPEARANCE OF SELECTED DAIRY PRODUCTS			
PRODUCT	DOMESTIC	EXPORT	TOTAL
Butter	-6.9%	48.4%	8.7%
American Cheese	0.0%	34.9%	1.2%
Other Cheese	2.3%	5.9%	2.6%
Skim Milk Powder	-17.2%	-6.1%	-9.4%
Dry Whey	-3.6%	-0.1%	-1.8%
Whey Protein Concentrate	-22.0%	22.0%	2.4%

Source: USDA Economic Research Service

the highest January slaughter number since 2020. The January margin, under the Dairy Margin Program, was $3.60/cwt. lower than last January, and the lowest margin since December 2021.

Blend prices. February blend prices are projected $1.10-$1.40/cwt. lower than January. Prices are projected to continue to decline until June. The March Class I Mover dropped $1.79/cwt. from February to $18.99/cwt. This is $3.89/cwt. lower than a year ago, and the lowest Mover since November 2021. This will move the March blend price lower. My 2023 blend price averages are lower than last month. I currently project 2023 Southeastern order blend prices averaging about $4.30/cwt. lower than 2022.

Dairy farm numbers. USDA reports 27,932 licensed dairy farms in 2022, a decline of 6.4% or 1,910 less farms compared to 2021. In the ten Southeast States, dairy farm numbers dropped from 1,490 in 2021 to 1,345 in 2022, a loss of 145 farms, almost a 10% decline. In 2000, the Southeast had 6,105 dairy farms. Kentucky, alone, had 1,932 dairy farms in 2000, more than the total Southeast number today.

2022 licensed dairy farm numbers for each Southeast State: Alabama – 10, Florida -60, Georgia -95, Kentucky -380, Louisiana – 65, Mississippi -45, North Carolina -130, South Carolina -30, Tennessee – 140, and Virginia 390.

PROJECTED* BLEND PRICES – Base Zones – SOUTHEASTERN FEDERAL ORDERS			
MONTH	APPALACHIAN	FLORIDA	SOUTHEAST
	($/cwt. at 3.5% butterfat – base zone)		
December 2022	$24.86	$27.05	$25.29
January 2023	$23.90	$26.07	$24.49
February	**$22.83**	**$24.71**	**$23.38**
March	**$21.27**	**$23.43**	**$21.97**
April	**$21.17**	**$23.25**	**$21.33**
May	**$21.07**	**$23.09**	**$21.35**

**projections in bold*

Milk Prices

FMMO 5

www.malouisville.com

February 2023

Class 1 Advanced Price

(@3.5%BF)

$24.45

March 2023

Class 1 Advanced Price

(@3.5%BF)

$22.39

FMMO 7

www.fmmatlanta.com

February 2023

Class 1 Advanced Price

(@3.5%BF)

$24.58

March 2023

Class 1 Advanced Price

(@3.5%BF)

$22.29

Wildcat Wisdom

Donna Amaral-Phillips
UK Dairy Extension Group

University of Kentucky

How Can You Help Your Cows Pay Their Bills?

Over my career, one consistent discussion amongst farmers has related to the current and future price for milk and for good reason. Everyone is well aware that milk price impacts cash flow, but there is more to this than price per cwt alone. Total volume of milk and milkfat produced, consistency of total milk volume month-to-month, and premiums for components all impact cash flow along with containing expenditures. As the difference between milk income and expenditures becomes smaller again, now is not the time to become complacent. Instead dairy managers need to become even more diligent and pay attention to those little details to optimize total income and minimize expenses on one's dairy. Accordingly, dairy managers, employees, and allied industry personnel need to "help cows pay their bills". So, how can we accomplish this goal?

Reap the Rewards from the Genetics of Your Cows

For multiple generations, cows and heifers have been bred to sires that improve the performance of their offspring. To capitalize on these genetic improvements in production, fat/protein yield, reproductive performance, and health, one needs to provide the "environment" for these genes to flourish. Geneticists point out that our cows have the genetic ability to produce more milk than they currently do in many herds. Management practices on farm often hold these cows back. Think of what just an extra pound of milk per cow could mean to your cash flow. For a 100-cow herd with milk at $22/cwt, an extra pound of milk per cow is equal to $660 more monthly milk income. Even if you are on a quota-type milk contract, you could milk a few less cows which improves your efficiency and use of inputs.

Provide Fuel Needed by Bovine Athletes

Dairy cows are high performance athletes! They eat and need to eat a tremendous amount of high-quality feed to support their sport, producing milk. As dairy managers, your role is to provide them with the opportunity to eat this high-octane diet 22+ hours every day. Providing adequate bunk space (> 18 inch/cow, ideally 24-30 inches/cow), ensuring fresh feed is available upon return from milking (or at milking time and entry into tiestall barns), feed is within easy access (feed pushed up multiple times daily), and feed is evenly distributing throughout the entire length of the feedbunk are important components in encouraging cows to eat that additional bite of feed. An additional bite of feed for an early lactation cow equals more milk over the entire lactation and more money for you, the dairy manager.

TMR rations need to be mixed such that they provide the intended fiber, stimulate the cow to chew her cud, and minimize the ability of cows to sort their feed; all of which are important in maintaining production and fat test. Individual feeds should be loaded into the middle of the mixer and not down the side, in the proper order, and making sure not to overmix each ingredient when added along with the total mix. Longer forage pieces in these mixes should not be wider than a cow's muzzle at time of feeding.

Timeliness of forage harvest, proper forage storage conditions, and feed out practices at the silo directly impact a farm's total feed cost and performance of cows and heifers consuming these forages. Forages are a very economical source of needed energy, protein, fiber, minerals, and vitamins to support production, reproduction, and growth. With today's prices for corn and soybean meal, corn silage, for example, is nutritionally worth almost $100/ton, much greater than the input costs for raising this forage. Spring-harvested forages, i.e. wheat, rye, triticale, or ryegrass, should be harvested at the boot stage of maturity before a seed head starts to emerge from the forage sheath for the best energy and protein content. To accomplish this task, equipment needs to be "ready" so that harvest can proceed quickly between spring showers. If one is going to error on one side, it's best to harvest too early than too late and sacrifice yield for quality.

Management practices around the storage of forages as silage impact the economics of dairies and is an area many KY farms could improve upon. Silage bags need to be inspected routinely for holes in the bags and these repaired. Bunkers/trenches need to be adequately packed on all exposed sides to eliminate as much oxygen as possible at harvest and piles covered with plastic weighted down with tire walls that touch one another. Plastic coverings need to be monitored to ensure the plastic stays in direct contact with the silage surface throughout storage time until feedout. Uncovered silage allows for water filtration and loss and spoilage of stored forages or best viewed as wasted feed dollars. Often bunkers or trench silos are filled above the walls/sides to increase the amount of forage stored. Packing tractors cannot safely pack the sides of these taller structures, resulting in inadequate packing and exclusion of oxygen from the silo contents. Feed on the sides is lost due to excessive spoilage along with higher than normal losses of feed during the fermentation process. Bottom line, feed quality is lower and less feed is available at feedout resulting in higher production costs. The same principle applies to drive-over piles that are too steep on the sides. A practical way to assess if you are packing to the correct height and slope is to ask yourself; can I safely drive a tractor over all of the exposed surface area, if not the pile is too tall or you need to correct the side slope of your pile!

Cows Need Their Beauty Rest

Dairy cows spend 10 to 14 hours daily resting of which about 4 hours of this resting time is reserved for sleep. Cows prioritize their resting time and will spend less time doing other things, especially eating, to make sure they get their rest time. To optimize a cow's resting time and to prevent mastitis, cows need a comfortable, "dry", and cushioned bed of adequate dimensions (remember that cows are bigger today). Thus, barns with mattresses or mats should be bedded with at least 1 inch of sawdust which provides adequate cushioning and prevents hock lesions, a welfare consideration. Freestalls deeply bedded with sand should have a level surface (no "holes" or exposed back curb) with fresh or "dried" reclaimed sand added as needed. The height and spacing of both neck rails and brisket boards in stalls should be evaluated to make sure cows stand totally within the stall, are not excessively defecating the backs of stalls, and have enough space to lunge forward while rising and lying down (spend time observing your cows). This same assessment needs to occur in tie stalls. Pens should not be overcrowded (under 120% stall occupation rate, fresh cows not > 100%) to allow adequate resting time.

Ventilation in barns is important in "turning over" the air to remove accumulated ammonia, moisture exhaled by cows, and heat. During the "colder" months, barns should turn over the air at least 4 times per hour

and air exchange should increase to 60 or more times per hour during the warmer months or days. Curtains need to be opened appropriately to allow air movement even on days caretakers deem chilly. Temperatures in uninsulated barns should be within 10ºF of outside temperatures in the winter. Cows are most comfortable when temperatures are between 40 and 70ºF, but can handle temperatures in the 20's. When environmental temperatures are at or greater than 65ºF, fans/cooling cells need to operate to eliminate heat loads. Fans should operate at the feedbunk, in the holding pen, and over resting areas. The number of fans and the angle of each fan should be such that air movement occurs over the entire intended area (i.e. length of the feedbunk where cows stand to eat). Essentially, when air movement from the previous fan ends, air movement from the next fan should start to allow for continuous air movement over the entire area. Regular maintenance (inspect and tighten or replace fan belts as needed) and cleaning of fan blades and parts should occur at least twice yearly or more often as needed. Remember that heat stress can occur in January and February, not just during the summer, and as such, fans should operate on these warmer days.

Along with fans running continuously, sprinklers, also known as "soakers", should run intermittently to allow for evaporative cooling of cows while at the feedbunk and in holding pens when temperatures are greater than 70ºF. Water applied by the sprinklers should completely wet the cow's hair coat over their backs and sides. Sprinklers should run for 1 to 2 minutes and turn off for 10 minutes with fans running continuously. The length of time sprinklers run should increase as environmental temperatures increase.

Use Tools at Your Disposal to Get Cows Rebred On-Time

To improve lifetime production, health, and reproductive performance, cows need to be pregnant by 130 to 150 days in milk. To achieve this goal, cows need to be inseminated in a timely fashion using good semen handling practices, excessive losses of body condition during early lactation avoided, and more importantly, open cows identified as early as possible after breeding. Today, blood tests, ultrasound testing, and/or rectal palpation can detect cows open within 28 days after breeding. Cows should be rechecked at 60 days post-breeding and before dry off to make sure they are still pregnant. Lists of cows needing to be bred or checked if they are open can be generated using either computer programs (PCDART or on-farm software programs), paper DHI records, or breeding wheels. Taking time to complete this task can prevent cows from slipping through the cracks and not getting bred in a timely manner. These lists can be printed, accessible on your smart phone, or simply hand-written on a small piece of cardstock or thin cardboard that fits in your pocket. Besides reviewing reproductive records, take time to review individual cow records for somatic cell count, health (i.e. number of times treated for mastitis), and milk production. Cows that are not paying their bills or have on-going issues may need to be culled sooner than later.

Carefree Fresh Cows

The higher cows peak in production in early lactation, the more milk they give over the entire lactation and their lifetimes. Feeding and management programs not only shortly after freshening but also during the dry period impact milk production and reproductive performance over the entire lactation and future lactations. Getting cows to eat well after calving and to quickly adjust to the tremendous demands of lactation require a carefully orchestrated feeding and management program both pre- and post-calving. Cows need to enter the dry period in the proper body condition (not too fat), be fed diets to minimize calcium (contain anionic salts), energy, and protein imbalances during the dry period and after calving, and be managed to minimize stress by providing adequate feedbunk space (30 inches for close-up dry cows), resting space (do not overstock, <100% stocking rate), and adequate numbers and use of fans and sprinklers to reduce heat stress. Fresh cows can benefit from being fed and housed in a separate group and fed a different ration than the rest of the milking herd, if facilities and labor are available to do so. These cows can benefit from additional and more expensive additives, additional protein, and diets with different amounts of fat, starch, and other nutrients than the remainder of the milking herd, henceforth being managed in a separate group. One of the hardest concepts to understand relates to the fact that feeding and management practices in the first 30 days of lactation not only impacts milk production then, but this production benefit lasts the entire lactation. Hence, illustrating the importance of paying special attention to this group of cows. If possible, first-calf heifers should be housed separate from mature cows.

Youngstock- Your Future

Scientists continue to learn how feeding programs for youngstock impact their future performance and as such recommendations have changed over the years. Colostrum intake the first 3 days of life (4 quarts within 6 hours of life and transition milk fed for the first 3 days), milk intake the first 2 months of life (at least 6 quarts/day), housing with a buddy, weaning protocols to prevent growth setbacks, feeding and management programs for older heifers (adequate but not excess energy intake), and breeding programs to ensure heifers calve by 24 months of age all impact their lifetime performance and health. Details regarding heifer programs are as important as those regarding the milking herd and often take a back seat especially when finances, labor, and time become limiting.

Putting the Pieces Together

Successful and profitable dairy managers "sweat the details", efficiently invest their time, hired labor, land resources, and capital, and are able to figure out how to accomplish all aspects within their management style and constraints. They identify the bottlenecks within their operation and implement changes to address these in a timely manner. Thus, managing their dairy cows and heifers in a manner that allows their cows to succeed in milking to their genetic potential. Essentially, successful and profitable dairy managers provide the environment for their cows to "pay their bills".

THANK YOU FOR AN ENJOYABLE CAREER!

By the time you read this note, I will be retired from the University of Kentucky after being a Dairy Professor and Extension Dairy Specialist for almost 35 years. I have truly enjoyed working with everyone, current and former dairy producers, allied industry personnel, and KY county extension agents. I have many positive and lasting memories of our journey together. I want to thank you for believing in me even when you might have questioned my advice. I have learned much from each of you and my hope is that I have helped you become a "better manager" over the years and in years to come! Donna

Southeast Dairy Business Innovation Initiative (SDBII)

Precision Technology and Management Grant

for dairy produces ini Alabama, Arkansas, Florida, Georgia, Kentucky, Louisianna, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia, and Puerto Rico

2023 Grant Request for Proposal

Application Deadline: June 2, 2023 at 5pm EST

$200,000 maximum award; 25% matching funds requirement; $2.13MM available; At least 10 awards are expected to be made.

Funding Priorities: The purpose of awards in this category will be to support the utilization of precision technologies and management strategies to make dairy operations more sustainable and competitive in the Southeastern US.

Requests for funds under this RFP should relate to one of the following areas and offer a justification for how the selected technology will:

1. Improve animal health, wellbeing, and/or performance
2. Enhance labor efficiency
3. Reduce energy costs or environmental impact (i.e. carbon-footprint or GHG emissions)
4. Increase utilization of the farm's land base. Requests must also include justification for why theparticular technology is being included.

Below is a listing of possible projects that could be eligible for this funding:

- Wearable technologies (animal movement trackers, estrus detection devices)
- GPS-enabled technologies including service contracts
  - Crop planting/harvesting
  - Manure application
  - Virtual fencing for grazed cattle
- Technology driven pasture, forage, and feed management systems
- Equipment to support automation and robotics for farm processes including (but not limited to):
  - Automated feeding of youngstock
  - Automated manure and nutrient management or application
- Technology-supported animal housing/cow comfort improvements, particularly as it relates toheat abatement
- Implementation of biotechnologies that can improve herd performance and longevityoGenomic testing programs
- Technology and equipment that supports improved milk quality and production throughautomation of the milking process and milk prep procedures including:
  - Teat prep technologies,
  - SCC monitoringoAutomated/robotic milkers
  - On-line milk metering and testing systems
- Business management improvementsoInventory and financial analysis tools

Eligible Applicants:

Dairy businesses that operate a licensed dairy farm in Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia, or Puerto Rico are eligible to apply.

Eligible applicants may not have an immediate family member (i.e., parent, sibling, spouse, or child), working as an affiliated staff or faculty member with the SDBII, or serving on the award review committee.

Priority will be given to the following:

- Entities that received direct technical assistance through SDBII
- Dairy businesses with limited access to other forms of assistance

Previous awardees of SDBII grants may apply. Past awards and corresponding project completion will be taken into consideration when evaluating applications.

University of Tennessee Institute of Agriculture
Animal Science Departmen
244 CE Brehm Animal Science Building
2506 River Drive, Knoxville, TN 37996
valueaddeddairy.tennessee.edu

Southeast Dairy Business Innovation Initiative (SDBII)

Farm Infrastructure Improvement Grant

for dairy produces ini Alabama, Arkansas, Florida, Georgia, Kentucky, Louisianna, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia, and Puerto Rico

2023 Grant Request for Proposal

Application Deadline: June 2, 2023 at 5pm EST

Funding Priorities: The purpose of awards in this category will be to support operational and management strategies that improve labor, production and marketing efficiencies to help increase sustainability and competitiveness of Southeastern US dairies.

Requests for funds under the Farm Infrastructure Improvement Grant should relate to one of the following areas and offer a justification for how the selected strategy will quantifiably improve the farm operation. Below are suggested priority funding areas, but proposals outside of these areas may be considered. Please contact an SDBII lead for more information.

- Improvements to existing facilities to reduce the impact of heat stress and seasonal milk production swings
  - Increasing water and feed access
  - Implementation or upgrading of cooling systems (laminar flow fans, misters/sprinklers,coolers, curtains, etc.)
  - Improving cow cooling and heat abatement for cattle with outdoor access
- Investments in raw milk storage, cooling capacity, and/or transportation efficiency
  - Purchasing a new bulk tank with greater storage and/or cooling efficiency
  - Chillers, plate coolers, milk loading systems, and pipelines
  - Hiring a contractor or technical assistance service to identify partnerships, needs, andfeasibility for new milk handling opportunities
- Modernization and improvements to milk harvest
  - Investing in equipment to increase parlor throughput and labor efficiency (animalmanagement, sort gates, crowd gates, identification systems, etc.)
  - Investing in more efficient on-farm milk cooling and/or storage (increasing size or number of bulk tanks, direct loading, etc.)
- Improvements to feed and forage management and storage opportunities
  - Short term or small batch feed storage (AgBags, grain storage, etc.)
  - Mixer wagons, etc.
  - Harvesting implements, silage inoculators, etc.
- Improvements to animal housing and environments
  - Upgrades to loops in stalls to account for changes in animal sizes
  - Upgrades to permanent stall bases (gel mattresses, water beds, etc.)oImproving cleaning procedures of animal housing (scrapers, flush systems, beddingmanagement equipment, gutters, etc.)
- Water, waste, and manure management improvements
  - Installation of water reclaim/reuse systems
  - Installation of recycling facilities (sand-separators, etc.)
  - Solid-liquid separation storage and utilization strategies that bring value to the farm (solidscomposting, etc.)
- Investments to improve farm business structure
  - Hiring an expert for financial and/or business analysis (business performance review,business plan, etc.)
  - Hiring an expert to help develop farm transfer plans, ownership documents, etc. (estateplanning, succession planning, etc.)
  - Business, financial or leadership training expenses (tuition, etc.)
  - Feasibility studies related to long-term enterprise planningoTraining opportunities in agribusiness management

Eligible Applicants:

Dairy businesses that operate a licensed dairy farm in Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia, or Puerto Rico are eligible to apply.

Eligible applicants may not have an immediate family member (i.e., parent, sibling, spouse, or child), working as an affiliated staff or faculty member with the SDBII, or serving on the award review committee.

Priority will be given to the following:

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- Dairy businesses with limited access to other forms of assistance

Previous awardees of SDBII grants may apply. Past awards and corresponding project completion will be taken into consideration when evaluating applications.

Sharing Sustainable Dairy This National Nutrition Month

The Dairy Alliance's Ethan Mattingly presented on Lexington news stations during National Nutrition Month® on this year's theme, "Fuel for the Future."

Held each March, the annual National Nutrition Month® campaign by the Academy of Nutrition and Dietetics helps Americans learn about making informed food choices and developing healthful eating and physical activity habits.

This year's theme keeps eating with sustainability in mind as a tasty and nutritious option for every phase of life while protecting the environment. In his media appearances, Ethan shared tips on how to eat for bone, muscle and mind strength by incorporating dairy products into mealtimes. As a great dairy-filled option to enjoy, Ethan promoted The Dairy Alliance's Hawaiian Harvest Smoothie made with kefir and Greek yogurt.

In addition to media appearances, other The Dairy Alliance efforts promoting sustainability this National Nutrition Month® include blogs, newsletters, and social media posts sharing additional nutrition tips.

CLASSIFIEDS

Are you ready for a regulatory inspection of your farm? Planning an expansion of your operation? Stay compliant, update your Comprehensive Nutrient Management Plan (CNMP), and take advantage of financial assistance programs for livestock manure management, crop nutrient management, and water quality BMPs. Contact - Ben Koostra - Professional Engineer and NRCS Technical Service Provider - Bowling Green - 859-559-4662

Showcasing Dairy in Schools at ADA Meeting

The Kentucky ADA board meeting was recently held in Bowling Green. We would like to share here that we appreciate the opportunity to sponsor this event and visit with the many Kentucky farmers during the tradeshow.

During the meeting, The Dairy Alliance shared national and regional program updates and budget planning. Additionally, The Dairy Alliance's Alan Curtsinger, Assistant Director of Youth Wellness, sampled Moo Brew to attendees during the event, sharing the flavored iced coffee served with 8 ounces of real milk. Moo Brew is an innovative new way to encourage high school students to choose milk at mealtimes. Students greatly enjoy the iced coffee offering in their schools, and meeting attendees did, too!

The Dairy Alliance would also like to give a special thank you to Jennifer Wheeler, School Nutrition Director for Marion County Public Schools, for presenting "MOOVING Milk in Schools" and how students are choosing milk. It was great to see students lining up for milk in school cafeterias due to successful dairy programs like bulk milk dispensers, smoothies and Moo Brew.

Special Thanks to Our Sponsors

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Wilson Trucking

KDDC
Kentucky Dairy
Development Council

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Calendar of Events

APR 7	Kentucky National Show & Sales, Exposition Center Louisville
MAY 20	4-H Dairy Cow Camp, Logan Count
MAY 21-23	Alltech One World Tour
MAY 25	KDDC Board Meeting, Adair County Extension Office
MAY 31	Dairy Nights at the Lexington Legends, Lexington
JUN 1	Dairy Night at Bowling Green Hot Rods, Bowling Green
JUN 23-27	Holstein National Convention Lexington
JUL 20	KDDC Board Meeting - TBA
AUG 17-20	Kentucky State Fair Dairy Shows
AUG 18	Youth Cheese Auction, Kentucky State Fair
OCT 2-6	World Dairy Expo
NOV 16	KDDC Board Meeting, Taylor County Extension Office