February 1999

Dairy Lines

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DAIRY RESEARCH & EXTENSION NEWS

http://www.oznet.ksu.edu/dp_ansi/dairylin.htm

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Upcoming Events

March 26-28, 1999
Spring Fair Jr. Dairy Show,
Oklahoma City, OK

April 24, 1999
Oklahoma 4-H State Qualifying Dairy Cattle Judging Contest
OSU Dairy Unit
Stillwater, OK,
Registration: 7:30am

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K-STATE Kansas State University Research and Extension

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Custom-Raised Heifers?

By John Smith and Dan Waldner

Replacement animals are the future of the dairy operation. Dairy operations which raise replacements devote significant labor, management and financial resources to this portion of the operation. As dairies expand or changes occur in management and labor structure, consideration of utilizing a custom heifer grower should be explored.

Removing the replacement animals from the dairy is a difficult decision and should be carefully researched prior to making the decision. Dairy producers should consider where they want to invest their resources. As the industry becomes more specialized, many dairy farmers will choose to concentrate their efforts on the lactating and dry cows. This does not mean that they are not interested in their replacements, however, they have made a business decision to allow another producer to specialize in heifer production. The goal is to have well-grown replacements that preserve the genetic advancements of the farm's breeding program. In many cases, this specialized heifer grower will produce higher quality heifers than the dairyman because greater management is given to the heifers.

Producers should consider the cost of raising replacements, management time available, facilities, waste management and future operational changes in making this decision. Most dairy producers feel that they can raise replacements for less money than someone else. However, when one examines the cost of raising replacements, most producers do not really know what they are spending on replacement animals. Feed cost generally accounts for about 50% of the cost of raising a heifer. Specialized heifer growers can often reduce feed costs by purchasing specialized feeds in quantities rather than small quantities, thus, reducing feed cost. In addition, correctly designed and managed heifer facilities are more labor efficient and may increase heifer growth rates.

Heifer growth and health issues should also be considered. Many dairymen only determine heifer growth rates at breeding and calving. While this is important, it is too late to correct problems. Heifers which are under or over developed are not as valuable to the dairy. Custom heifer growers can devote more time to heifer management and may provide growth information on a monthly basis. This allows problems to be corrected early resulting in a higher quality heifer at calving. Health and disease issues may be a concern for a dairy which has been a closed herd. However, most expanding dairies will be bringing new animals on to the farm which changes this status. Most heifer operations will mix animals from several herds. However, careful attention to vaccination programs can minimize the risk of disease. In addition, correct A.I. technique and veterinary practices such as single sleeve and needle use further reduce the risk of disease.

Once a dairy producer becomes comfortable with allowing someone else to raise their replacements, a grower should be identified. Many growers are former dairy producers and have a track record. Visit with some of the current clients of the grower. Most importantly, visit the grower and observe the operation.

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Heart of America Dairy Herd Improvement Summary (December)

	Quartiles				Your Herd
	1	2	3	4	
Ayrshire					
Rolling Herd Average	15,230	14,644	13,405	10,268.5	
Summit Milk Yield 1st	53.0	53.0	23.5	38	
Summit Milk Yield 2nd	64.0	59.5	25.5	46.0	
Summit Milk Yield 3rd	64.0	68.0	65.0	53.5	
Summit Milk Yield Avg.	61.0	61.5	62.0	47.5	
Income/Feed Cost	1,481	1,058	990	630	
SCC Average	274	250.5	287	259	
Days to 1st Service	56	101.5	80	108	
Days Open	135	131.5	174.5	205	
Projected Calving Interval	13.7	13.55	14.95	15.95	
Brown Swiss					
Rolling Herd Average	18,472	15,475	14,422	13,522	
Summit Milk Yield 1st	56.0	47.33	47.2	47.67	
Summit Milk Yield 2nd	57.2	65.83	61.0	56.67	
Summit Milk Yield 3rd	76.8	65.83	67.8	63.83	
Summit Milk Yield Avg.	69.0	60.17	59.6	56.0	
Income/Feed Cost	1,643	1,339	1,335	1,182	
SCC Average	289	297.83	218.2	333.67	
Days to 1st Service	87.2	66.33	87.2	73.5	
Days Open	156.6	144.33	146.4	168.17	
Projected Calving Interval	14.36	13.98	14.02	14.73	
Holstein					
Rolling Herd Average	22,386	19,575	17,543	14,443	
Summit Milk Yield 1st	70.78	63.58	58.32	49.37	
Summit Milk Yield 2nd	90.33	80.06	72.25	60.26	
Summit Milk Yield 3rd	95.26	84.01	76.97	66.26	
Summit Milk Yield Avg.	84.2	75.44	69.52	59.77	
Income/Feed Cost	1,970	1,685	1,460	1,158	
SCC Average	329.74	382.2	408.85	495.66	
Days to 1st Service	88.95	90.07	90.88	81.88	
Days Open	158.53	165.93	170.46	187.03	
Projected Calving Interval	14.43	14.67	14.82	15.36	
Jersey					
Rolling Herd Average	16,324.38	13,963.78	12,673.38	10,462	
Summit Milk Yield 1st	50.38	44.89	44.13	36.89	
Summit Milk Yield 2nd	65.88	55.67	51.75	37.56	
Summit Milk Yield 3rd	68.63	54.44	56.38	46.78	
Summit Milk Yield Avg.	62.38	54.33	51.75	42.56	
Income/Feed Cost	1,648	1,503	1,342	862	
SCC Average	315.25	295.33	289.13	443.67	
Days to 1st Service	87.38	72.89	79.38	51.44	
Days Open	126.38	123.89	140.25	145.22	
Projected Calving Interval	13.35	13.28	13.84	13.98	
Milking Shorthorn					
Rolling Herd Average	14,172	14,049	13,909	11,035	
Summit Milk Yield 1st	46.0	51.0	46.0	39.0	
Summit Milk Yield 2nd	51.0	60.0	55.0	42.5	
Summit Milk Yield 3rd	75.0	68.0	70.0	53.5	
Summit Milk Yield Avg.	61.0	60.0	60.0	45.0	
Income/Feed Cost	1,226	1,470	1,585	870	
SCC Average	153	399	297	275.5	
Days to 1st Service	0	87	99	65.5	
Days Open	109	134	122	114.5	
Projected Calving Interval	12.8	13.6	13.2	13.0	

May 13, 1999
Southwest Dairy Field Day
Alan Ritchey Inc, Dairy
Yuba, OK

Contact Dan Waldner for more information: 405-744-6058

Check animal growth rates and body condition. Discuss nutrition, breeding, vaccination and health programs. Only when the dairy producer is comfortable with the grower's operation should the discussion of cost be considered. Many mistakes are made when price is the first concern of the dairy producer. The quote, "you get what you pay for", applies to contract heifer growing. Saving $100 on the cost of a heifer may result in the loss of several thousands of pounds of milk during the first lactation. Heifer growers producing a quality product, should be paid a reasonable price for their service.

Following the favorable inspection of the heifer operation, a business agreement needs to be completed. The business agreement should address all aspects of heifer development in addition to the business aspects of the contract. Items such as receiving weight and age, growth rate, vaccination programs, breeding programs, health issues, treatment or disposal of sick or injured animals, and ending weight and age should be specified. The business aspects including the transfer of money, death loss, and termination of the agreement should also be specified. Using verbal agreements is not recommended. Putting the agreement in writing will help all parties agree upon the specific items listed above, reducing the chance of future disagreements.

Many different business arrangements are commonly used in the custom heifer industry. The three most common types of arrangements are based on gain, feed cost and yardage, or a purchase option. With a purchase option contract, the heifer grower buys the heifer from the dairy producer at a specified price. When the heifer reaches maturity, the dairy producer buys it from the grower. The heifer grower assumes most of the financial risk in this contract. A contract based on gain or feed cost and yardage generally transfers some of the risk back to the dairy producer. These contracts generally specify payments throughout the growing period and a final settlement when the heifer returns to the dairy. This arrangement benefits the grower by providing some cash flow over the growing period. Specific business arrangements will differ depending upon the services requested by the dairy producers. Most heifer growers will have several different business arrangements to meet the specific needs of each dairyman.

Once the agreement has been reached, the real work begins. Communication between the grower and dairyman is essential. The dairyman is responsible for providing healthy calves or heifers at the weight and age specified in the contract. The grower is responsible for maintaining the health and growth of the heifers as specified and to provide breeding and other health related services as specified. The grower and dairyman should communicate at least monthly. The dairyman should visit the heifer operation several times each year. Communication between the grower and dairyman will ensure that quality heifers are delivered to the dairy. If underdeveloped heifers are returned to the dairy, who is at fault? The easy answer is the grower, however both parties are at fault. The grower failed to manage the heifers and the dairyman failed to manage the grower. Who will pay the highest price? It is the dairyman's future which has been damaged. Small heifers produce less milk and are at greater health risk than well grown heifers. It is in the best interest of the dairyman to maintain close contact with the grower to monitor heifer development.

Should you raise your replacements or hire a custom grower? Each dairy operation needs to consider many factors in making this decision. If time and resources which are currently devoted to heifer rearing can be transferred to more profitable activities, the decision is easy. Finding a qualified heifer grower, developing a good business agreement, and maintaining close contact with the grower will ensure that the replacements are correctly grown. In many cases, heifer quality may actually be increased as greater management is devoted to this important activity.

1999

Kansas
Distinguished Dairy Family
Robert and Norma Ohlde

Bob and Norma Ohlde were both raised in Linn County and have been around the dairy industry all their life.

They married in 1955 and have raised 5 kids on the dairy. Each have stayed close to the business in their own respects. Steve is a partner in the farm, Tim is a banker, Connie milks in the morning, Alan owns a tractor repair and Terry runs a beef operation and works for the Manhattan-based DHIA.

The Ohlde's dairy business has changed along with the industry. Some of those feats include building one of the area's first Double 3-herringbone parlor in 1963, converting the milking parlor to a 6-stall herringbone layout in 1980 with the help of Steve and Cindy. By 1991, the family was milking 150 cows. In 1995, the Ohlde's expanded the number of cows to include building three two-row, monoslope loafing barns.

The Ohldes are currently milking approximately 400 cows with a rolling herd average of 23,000 pounds. In the coming year, they plan to build a Double-12 parallel parlor and add additional cow housing.

1999

Kansas Dairy Leader
David W. Sukup

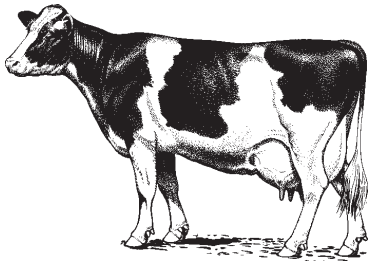
Certificate of honor for:

- 26 years of dedicated service to the Kansas dairy industry.
- His role in establishing Kansas as a leader in the quality of its DHIA program.
- His enthusiasm for the DHIA program by adding 39 new herds in the Washington–Marshall DHIA while serving as the Field Technician.
- Leading the nation in participation in the Verified Identification Program (VIP) every year while a Field Technician.
- Helping organize the Kansas DHIA Field Technician's Association and for serving on the first Board of Directors.
- Serving as General Manager of the Kansas and Heart of America DHIA programs.
- Taking the Kansas DHIA Testing Laboratory into the computer age and for adopting new testing technologies.
- His advice and council in developing on-farm computer programs for DHIA record processing.
- Training DHIA Field Technicians and dairy farmers in the use of computers for DHIA records.
- Guiding the merger of Kansas, North Dakota, South Dakota, Nebraska, Oklahoma, and Arkansas DHIAs into the Heart of America DHIA.
- Serving on numerous boards and committees at the regional and national levels for DHIA and as chair of the National DHIA Manager's Association.
- His demonstrated concern for integrity and accuracy of DHIA records.
- His dedication and devotion to his family and friends and service to his fellow man.

Feed Stuffs Prices

	Location	Price ($/ton)
SBM 48%	Kansas City	131.90–139.90
Cotton Seed Meal	Kansas City	122.50–125
Whole Cottonseed	Memphis	152
Blood Meal	Central United States	287–290
Corn Hominy	Kansas City	68–72
Corn Gluten Feed	Kansas City	73–75
Corn Gluten Meal 60%	Kansas City	235
Distillers Dried Grain	Central Illinois	92–94
Brewers Dried Grain	St. Louis	n/a
Wheat Middlings	Kansas City	47–51

Source: USDA Weekly Feed Stuffs Report, *Week ending February 17, 1999*



Hay Prices—Oklahoma

	Location	Quality	Price ($/ton)
Alfalfa	Central/Western, OK	Premium	100–125
Alfalfa	Central/Western, OK	Good	85–100
Alfalfa	Panhandle, OK	Premium	95–110
Alfalfa	Panhandle, OK	Good	85–95

Source: Oklahoma Department of Agriculture, *February 4, 1999*

Hay Prices*—Kansas

	Location	Quality	Price ($/ton)
Alfalfa	Southwestern Kansas	Premium	80–105
Alfalfa	Southwestern Kansas	Good	65–75
Alfalfa	South Central Kansas	Premium	80–95
Alfalfa	South Central Kansas	Good	55–70
Alfalfa	Southeastern Kansas	Premium	85–100
Alfalfa	Southeastern Kansas	Good	75–85
Alfalfa	Northwestern Kansas	Premium	85–100
Alfalfa	Northwestern Kansas	Good	80
Alfalfa	North Central Kansas	Premium	85–95
Alfalfa	North Central Kansas	Good	70–80

Source: USDA Weekly Hay Report, *Week ending February 19, 1999*

*Premium Hay RFV = 170–200
Good Hay RFV = 150–170

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For more information or questions, please contact 785.532.5654 (K-State) or 405.744.6058 (OSU).

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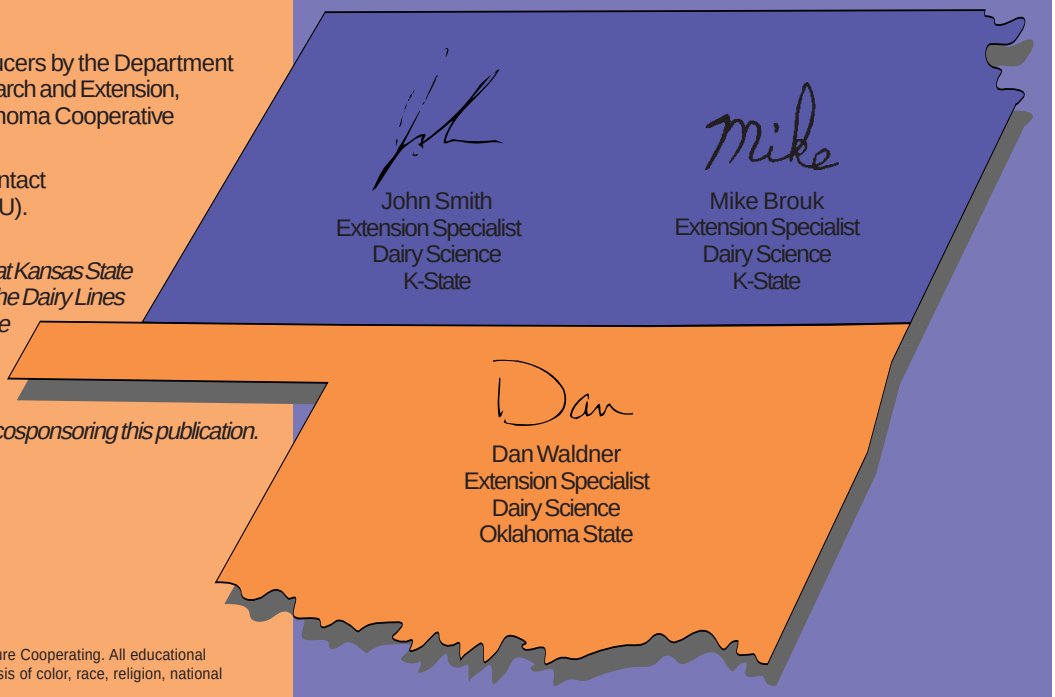

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