

years) transition period prior to organic certification. During this period no synthetic fertilizer, herbicides, insecticides, sewage sludge, or genetically engineered seed and inoculants may be used. Fields that have been in hay production for several years may be able to meet the three year requirement quickly if no prohibited products (e.g. herbicides, etc.) have been applied. Feed from non-organic fields may be sold during the transition period and records kept for verification that it was sold and not fed to the dairy herd.

A dairy farm must establish and then implement an organic system plan. These are the steps in the process.

- 1) An accredited certification agency is chosen and an organic farm and livestock plan application packet is sent to the prospective organic dairy farm.
- 2) The Organic Farm and Livestock Plan is filled out. This will include three year histories of all fields and pastures. It will also include future soil and crop management strategies, including inputs, equipment and crop storage and harvest. The same type of information is provided for the dairy herd. Crop and livestock product marketing strategies are listed.
- 3) The certifying agency reviews the documents for completeness and makes a determination if the applicant can comply with NOP.
- 4) An organic inspector is assigned by the certification agency. Inspectors verify information and assess compliance with NOP. The inspector will conduct an exit interview with the applicant. The inspector does not make the certification for organic production.
- 5) File is reviewed by the certifying agency's official organic committee. This committee determines from the materials presented and the organic inspector's interview whether the applicant is in compliance with NOP.
- 6) Once certification is obtained, it continues until withdrawn by the producer or revoked by the certifying agency.

Production Costs

Feed costs are an important aspect of the organic dairy farmer's success. Until recently, organic dairy farmers needed to grow their own energy and protein feed sources (e.g. grain and protein supplements). The high cost of these concentrates often resulted in no economic advantage over conventional milk production. However with the recent increase in organic mailbox milk prices, it may now be a profitable option for some organic dairy producers. It will be more economically feasible in areas where these feeds are readily accessible and do not require significant transportation cost.

The cost of organic hay production does not seem to be much higher than conventional hay, but the quality is variable. This also tends to be the case for purchased organic hay. Organic hay tends to be mixtures of alfalfa and grass. A forage mixture is often not conducive to high milk production because the individual grasses do not reach maturity for optimum quality at the same time. So it is not possible to harvest when all of the grasses in the mixture are at optimum quality.

Animal health care is another adjustment that the organic dairy producer will make. Uterine infections and mastitis treatments are two of the common problems that face organic dairy farmers. Some apparent success has been found for uterine infection using a drench. Mastitis treatments may be a bigger challenge depending on the type of organism that causes the infection. Mastitis reduces milk production and quality and therefore reduces income. Good dairy herd management, milking procedures and cow cleanliness will help reduce the impact of mastitis.

Information Resources

Books

[Organic Dairy Farming: A Resource Guide for Farmers.](#) Ed. Jody Padgham. Gays Mills, WI: Orangutan Press. 2006.

Dettloff, Paul DVM, [Alternative Treatments for Ruminant Animals.](#) Austin, TX: Acres USA. 2004.

Padgham, Jody. Guidebook for Organic Certification. Spring Valley, WI. Midwest Organic Sustainable Education Service. 2005.

The Upper Midwest Organic Resource Directory. 6th ed. Spring Valley, WI. Midwest Organic Sustainable Education Service. 2006.

Web Resources

Butler, Leslie. "Survey quantifies cost of milk production in California." California Agriculture. Sept-Oct 2002. Accessed (Jan. 2007) <<http://californiaagriculture.ucop.edu/0205SO/pdfs/orgmilk.pdf>>.

Dalton, Timothy, et al. "Cost and Returns to Organic Dairy Farming in Maine and Vermont for 2004." University of Maine, Department of Resource Economics and Policy Staff Paper #555. Accessed (Jan. 2007) <<http://www.umaine.edu/rep/publications/organic%20dairy%20costs%20and%20ret.pdf>>.

Northeast Organic Dairy Producers Alliance. Deerfield, MA. <<http://www.nodpa.com/>>.

Midwest Organic and Sustainable Education Service (MOSES). Spring Valley, WI. <<http://www.moses-organic.org/>>.

Barham, Bradford., Caroline Brock, and Jeremy Foltz. "Organic Dairy Farms in Wisconsin: Prosperous, Modern and Expansive." June 2006. Program of Agriculture Technology Studies (PATS) Research Report No. 16. Accessed (Jan. 2007) <http://www.pats.wisc.edu/pdf%20documents/Organic_Dairy_Farms_in_Wisconsin_6_16_06%20with%20executive%20summary%20and%20front%20cover2.pdf>.

Greene, Katherine. "U.S. Organic Farm Sector Continues to Expand." April 2006. Amber Waves: The Economics of Food Farming, Natural Resources and Rural America. Accessed (Jan. 2007) <<http://www.ers.usda.gov/AmberWaves/April06/Findings/Organic.htm>>.

McQuilken, Hilary. "UNH to Teach Organic Dairy Farming." February 2006. University of New Hampshire Public Radio. Accessed (Jan. 2007) <<http://www.nhpr.org/node/10304>>.

Select Organic Dairy Companies

Horizon Organic (Dean Foods), Dallas, TX
<http://www.horizonorganic.com/>

Strauss Family Creamery, Marshall, CA
<http://www.strausmilk.com/>

Organic Choice, Mondovi, WI
<http://www.nextgenerationdairy.com/>

Radiance Dairy, Fairfield, IA

Cedar Summit Dairy, New Prague, MN
<http://www.cedarsummit.com/>

Stafford Organic Dairy, Stafford, VT

Organic Valley (CROPP), La Farge, WI
<http://organicvalley.coop/>

Farmers All Natural Creamery, Wellman, IA
<http://www.farmersallnaturalcreamery.com/>

Cedar Grove Cheese, Plain, WI
<http://www.cedargrovecheese.com/>

Aurora Organic Dairy, Boulder, CO
<http://www.auroraorganic.com/aodweb/site/>

Back to Nature (Kraft Foods), Glenview, IL

Naturally Iowa, Clarinda, IA
<http://naturallyiowa.com/>

Kemps, St Paul, MN
<http://www.kemps.com/>

Example 1. Organic Dairy Budget - 16,500 lbs of milk per cow annually

Income	16,500 lbs of milk per cow annually		Your Farm
Milk @ \$33.00/cwt ¹	165 cwt	\$5,445.00	\$ _____
Cull cows		135.00	_____
Bull calves		80.00	_____
Miscellaneous		100.00	_____
Gross income		<u>\$5,760.00</u>	<u>\$ _____</u>
Variable Costs			
Feed Costs ²			
Corn grain @ \$7.40/bu	80 bu	\$592.00	\$ _____
Protein (soymeal) @ \$0.35/lb	1,000 lbs	350.00	_____
Forage		800.00	_____
Misc. feeds		225.00	_____
Total feed costs		<u>\$1,967.00</u>	<u>\$ _____</u>
Veterinary care		\$40.00	\$ _____
Supplies		180.00	_____
Utilities		80.00	_____
Repairs ³		140.00	_____
Taxes ³		75.00	_____
Fuel-oil ³		50.00	_____
Bedding		50.00	_____
Breeding		35.00	_____
Marketing		0.00	_____
Interest ⁴		226.59	_____
Hired labor		120.00	_____
Miscellaneous		85.00	_____
Total variable costs		<u>\$3,048.59</u>	<u>\$ _____</u>
Fixed costs			
Land @ \$2,500/acre ⁵	3 acres/cow	\$300.00	\$ _____
Owner's labor		360.00	_____
Building & machinery		125.00	_____
Cattle ⁶		500.00	_____
Total fixed costs		<u>\$1,285.00</u>	<u>\$ _____</u>
Total of All Costs		<u>\$4,333.59</u>	<u>\$ _____</u>
Return to management		\$1,426.41	\$ _____
Break-even selling price for variable costs per cwt		\$16.57	\$ _____
Break-even selling price for all costs per cwt		\$24.36	\$ _____

¹ 2006 Milk price

² Feed is priced at expected organic market prices.

³ Repairs, taxes and fuel and oil include costs of feed production on farm. Reduce these amounts by about \$81 per cow if feed is purchased.

⁴ Interest paid to lenders will vary by individual situation. Use expected interest cost in planning.

⁵ Land ownership charge is 4% annually for the total value of pasture and cropland owned and utilized by the dairy farm for dairy herd feed. This fee would be reduced if significant amounts of feed are purchased.

⁶ Cow ownership charge is based on 5 lactations per cow and reflects the current market cost of purchased cows.
