



CLIPPINGS a weekly column from Iowa State University Extension and Outreach

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For Immediate Release

Recent Programs Identify How Dairy Producers are Dealing with Labor and Risk Issues

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A dozen dairies were represented at the Dairy Directions series in Mid-December. University of Nebraska-Lincoln Ag Economist Robert Tigner presented information on risk management tools available to dairies, including the new Dairy Revenue Protection program. Special Investigator Brett Stanley from the Department of Homeland Security presented on issues concerning Form I-9 records and special issues with foreign born employees. Iowa State University FinPak consultant Mark Olsen discussed record keeping and the benefits of accrual versus cash accounting systems.

Dairymen responding to the evaluation had an average herd size of 473 head, up from 415 in 2017, with the largest at 1500 milk cows and the smallest at 60 cows. The average tank weight was 77 pounds and all responders raised their own heifers with the average on feed at 308 head. Heifer numbers were up significantly over the 2017 average of 108.

In 2017, we asked producers to estimate their breakeven cost of production, with an average of \$14.60 per hundredweight (cwt.); this year, the average was \$15.30 per cwt. That question was followed by asking for their current "farmgate" milk price. The 2017 average was \$17.10 per cwt., and the 2018 average was \$14.45 per cwt.

In both years, the top issues for dairymen remained profitability and milk prices.

This year, we asked specific questions concerning labor and risk management. We found that while 80 percent hired non-family employees, only 35.7 percent had foreign-born employees. When asked if finding and hiring employees had become more difficult, responses were evenly split between more difficult and the same difficulty. For those dairymen who indicated their labor expense, the total was 2.4 million dollars with an average annual employee wage of \$33,150. The number of non-family employees ranged none to 29.

We followed up by asking if they have and maintain an employee handbook and found only 28.5 percent had handbooks. Additionally, we found only 35.7 percent have safety and educational signs in Spanish in work areas and 14.2 percent communicated in Spanish. Employee training was also

investigated, and the results showed that 75 percent trained on an “as needed” basis and only 16.6 percent had regular monthly trainings.

Finally, we asked what risk management programs these dairymen were participating in. We found that only one had signed up for the Dairy Revenue Protection program; three were active in Livestock Gross Margin insurance for dairy; four had forward contracted milk and/or grain; and ten were participating in the Milk Margin Protection program.

Earlier in the month, at the Dairy Discussions program, Iowa State University Dairy Specialist Hugo Ramirez presented on how training and consistency affects employees and cow productivity. Bob Naerebout, with the Idaho Dairy Association and advisor to the National Immigrant Forum, presented on how immigration policy affects the culture of dairy farms and their profitability. Ron Mortenson from Dairy Gross Margin addressed risk management tools, including the new Dairy Revenue Protection program.

We asked the same questions of those attending that program and found similar responses. From those that returned evaluations, they represented 5,970 milking cows and had a tank average of 83.6 pounds per day per cow. They were also feeding 4,820 heifers.

When we asked those producers if they had hired labor, 75 percent responded yes. We followed up asking if they have hired immigrant labor, with 62.5 percent confirming they had. We then asked if finding and hiring labor in general has become more difficult, less difficult or stayed the same. An overwhelming 85.7 percent of dairymen found the task becoming more difficult. Those farms hired 45 employees with the total labor expense of \$1,631,000. This calculates to an average salary of \$36,244.

We found that only 37 percent have and maintain an employee handbook; half of the dairies posted safety signs and educational materials in work areas in Spanish and only 14 percent communicated to Latino employees in Spanish. We found no regular weekly or monthly training was scheduled, with 71.4 percent of the farms scheduling training “as needed”.

While the larger dairies had a higher percentage of foreign-born employees, both groups depended on them for a significant portion of their labor force. Wages were similar across both groups, but there were two striking issues. First was how little formal training was being offered to employees on a regular basis, and second was how few dairies had employee handbooks. Look for programs on these topics in the future.

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