

# Greener Pastures For Dairies

COLUMBIA, MO.

Letting dairy cows graze in fields rather than feeding them in centralized facilities might seem old-fashioned, yet for a growing number Missouri farmers it makes good economic sense.

"Pasture-based dairying has gone mainstream," said Joe Horner, dairy economist with the University of Missouri Extension Commercial Agriculture Program.

Since 2004, producers have invested more than \$100 million in capital into pasture-based dairies. During that time, the number of cows

have seen fewer animal-health issues on grazing dairies, which is good for the animals and the producer's bottom line.

Startup costs are lower in pasture-based dairying, and it's easier to obtain financing for a new a grazing dairy than a conventional operation, which requires a big upfront investment in equipment and facilities – assets that, as Horner puts it, "rust, rot and depreciate."

For grazing dairies, the main investment is in land and cattle. "Most of your assets either reproduce or appreciate," Horner said. Lenders see that as a much better risk than specialized



**Eric Hoffman, 24, runs a 160-cow pasture-based dairy in Grundy County, Missouri**

on Missouri pasture-based dairies has grown from about 5,000 to almost 20,000.

In the 1970s, dairies started to rely less on grazing and more on purchased feedstock, which was relatively cheap at the time. However, many of Missouri's family-run dairies saw their profit margins erode when feed prices shot up. Family farms couldn't compete against the huge dairies springing up in western states, where abundant, sparsely populated land and more lenient environmental regulations let producers take advantage of economies of scale unavailable to smaller dairies. Missouri's dairy herd fell from a peak of more than one million cows in the 1940s to about 110,000 cows today.

Why is pasture-based dairying bucking that trend? After all, you can get a lot more milk per cow at a conventional feedlot dairy, where producers can closely monitor cow growth and precisely manage the herd's diet.

While pasture-based dairies, or grazing dairies, may not be able to compete on quantity, they can compete on cost. The feedstock, infrastructure and labor needs of conventional dairies make them expensive to run. Grazing dairies can operate profitably on a smaller scale because it's cheaper to feed cows with forage than with purchased feedstock.

"A conventional-type dairy delivers most of the feed to the cow. We're delivering the cow to the feed," said Eric Hoffman, who owns a 160-cow pasture-based dairy in Grundy County.

Dairy graziers rotate herds through intensively managed pastures. The cows distribute their manure across the land in the natural course of things. This puts nutrients back into the soil, reduces the human workload and avoids the environmental issues presented by large concentrations of animal waste. Horner said producers

structures that may not have much resale value if the operation goes under.

MU has been exploring intensive rotational grazing technologies since the early 1990s, holding demonstrations and educational programs, establishing local grazing groups, and publishing manuals and guides. In 1999, MU established a seasonal grazing dairy at Southwest Center in Mt. Vernon. In 2008, Southwest Center hosted a national dairy grazing conference, attracting more than 200 people from 21 states. A second conference will take place July 8-10 in Joplin. (For more information, see [www.agebb.missouri.edu/dairy/grazing/conference](http://www.agebb.missouri.edu/dairy/grazing/conference).)

While pasture-based dairies can be viable in much of the southeastern U.S., Missouri is particularly well positioned. "This is the sweet spot," Horner said. "It's far enough north that you can use the better grasses that have high energy. It's far enough south that you don't necessarily need winter housing for cows. We're far enough west that large blocks of land are relatively inexpensive, and we're far enough east that you can get good rainfall."

With milk prices down sharply from last year, the dairy industry as a whole is in rough shape, and pasture-based dairies are no exception. "But grazing dairies have lower break-even costs and tend to be able to live through these bad times better than somebody with a high fixed-cost system," Horner said.

Many producers report that the lower labor needs of grazing dairies, especially seasonal operations, provides a better quality of life for farm families.

"Cows and grass and people all together – I just think it makes sense," Hoffman said. Δ



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