

# ***NCSU Dairy Extension News*** ***Fall 2006***

## ***NC Dairy Stabilization and Growth Fund Becomes Law***

by Norman Jordan, Jr., NCDPA President

After two years of the NCDPA working with other groups to get legislation through the General Assembly, the Dairy Stabilization and Growth Fund was finally passed by the General Assembly and signed by the Governor at the end of this year's short session. The creation of the Dairy Stabilization and Growth Fund has the potential to provide financial stability to North Carolina's dairy industry. The new fund will be administered by the Board of Agriculture. No funding was appropriated by the state legislature this year, but the legislature can do so in future years. The Board of Agriculture is authorized to develop other sources of finding, such as grants and donations, and is currently working to obtain funding.

Once funding is available, The Board of Agriculture is to establish a baseline price of the ten year average of the FFMO Class I mover price less fifty cents. If the Board of Agriculture determines that the Class I mover price in any month falls below the baseline price, dairy producers become eligible for a payment of the difference times the hundredweight of milk sold by the producer that month. The Board of Agriculture is authorized, under exceptional circumstances, to add up to one dollar per hundredweight of milk sold that month.

The Dairy Stabilization and Growth Fund requires the Commissioner of Agriculture to file a report each year by March 31 on ways to improve both the short and long term viability of North Carolina's dairy industry. The report is also to include ways to expand the industry, the contribution dairy farming makes to preserving green space and quality of life in North Carolina, and an analysis of the effectiveness of this new program.

The North Carolina Dairy Producers Association feels that the formation of this fund and the yearly reporting to the General Assembly on the industry's status is a positive step. We are and will continue to work with other groups and agencies to improve the future of North Carolina's dairy industry.

## Dairy Update

Dr. Geoff Benson  
NCSU Extension Economist

**Milk Prices:** The recent heat wave has affected milk production and caused some strengthening of milk price expectations. The fact that we are entering the part of the year when milk production tends to run behind sales also helps. However, the fundamentals still favor high levels of milk production primarily because cow and replacement heifer numbers are still significantly higher than at this time last year. Also, the circumstantial evidence suggested that MILC payments extended the length of the price downturn during the last price slump. The payment rate is reduced this time around but a similar effect can be expected.

The historic averages for the Appalachian federal order uniform (blend) price at 3.5% butterfat and projections based on current futures prices are:

2000 = \$13.99/cwt.	2004 = \$17.01/cwt.
2001 = \$16.34/cwt.	2005 = \$16.23/cwt.
2002 = \$13.24/cwt.	2006 = \$14.00/cwt.
2003 = \$13.55/cwt.	2007 = \$14.90/cwt.

This is the starting point for individual farmer's mailbox prices, which are affected by premiums and incentives for butterfat, volume and quality and deductions for hauling, CWT and the milk check-off. The net cost of cooperative activities in the form of marketing costs and over-order premiums, and re-blending activities affect member pay checks. Producers may wish to track their mailbox prices against the federal order blend prices, which are available on line at <http://members.aye.net/~usda/> Federal MILC payments are expected to be around 60 cents per cwt., on average, during 2006 and 30 cents per cwt. during 2007.

**Feed Costs:** Weather events will continue to cause price fluctuations in corn and soybean markets through harvest. For the next fall-to-fall harvest year, national average wholesale soybean meal prices are expected to be similar to last year and the average farm price for corn is projected to rise by 40 to 50 cents per bu. because of reduced production and increased demand for corn for ethanol production. Local dairy feed prices will be affected by higher energy costs because we import a lot of corn and soybean meal and to cover the additional costs of processing and delivery.

**Energy Costs:** Recent oil futures prices have been above \$70 per barrel through December of 2010. Growing world demand coupled with conflicts in the major oil producing regions and limited unused processing capacity continue to be the major factors. Natural gas prices have receded from the large price spike caused by last year's hurricanes in the Gulf and are now back close to the long term trend, based on futures prices through December 2011. However, there is some price volatility in natural gas markets so unexpected short term price increases are possible.

### **Policy Issues:**

1. National Trade & Farm Bill discussions have been greatly complicated by the failure of the DOHA round of trade negotiations because farm programs and trade treaty obligations must be compatible. Observers are divided on whether this trade round is really dead or just on life support. The President's "fast track" authority expires next summer and a new trade deal is not feasible unless either the deal is made before it expires or it is renewed. Fast track requires Congress to vote up or down on a trade agreement with no changes allowed, for obvious reasons. The implications for US dairy farmers are mixed. On the one hand, dairy is one of the more protected sectors of US agriculture and likely would be adversely affected by liberalized world trade rules. However, MILC expires in August, 2007 and this and other dairy policy issues would

figure into any Farm Bill debate. If the current Farm Bill is simply extended, as some suggest, then MILC and other policy issues must be tackled on their own.

2. State level activity include the recently enacted “NC Dairy Stabilization and Growth Fund” and efforts by producers from NC and other southeastern states to improve mailbox prices. The new legislation sets up a mechanism to provide financial support for NC dairy farmers but provides no funding. It also requires the Board of Agriculture to assess the state of the NC dairy industry and the causes of the observed problems. At the same time, the NC Dairy Producers Association has begun a strategic planning process with similar objectives. A group of producers in the region has created a steering committee to try to devise ways to improve local mailbox prices. There is some coordination among these various efforts but it will take time for them to bear fruit.

## **6<sup>th</sup> Mid-Atlantic Dairy Grazing Conference**

Dr. Steve Washburn  
NCSU Extension Dairy Specialist

North Carolina will host the 6th Mid-Atlantic Dairy Grazing Conference in Goldsboro on Tuesday, October 31 and Wednesday, November 1, 2006, with registration beginning at 12:00 noon on the 31st.

The conference presentations kick off at the Center for Environmental Farming Systems (CEFS) at 1:30 p.m. on Tuesday, October 31. The keynote talk will feature Mr. Gary Zimmer, of Mid-Western Bio-Ag. Gary is an organic producer from Wisconsin and author of *The Biological Farmer*. CEFS is the location of a wide range of multi-disciplinary studies, including dairy, long-term cropping systems, organic cropping, a hoop house swine unit, and a beef cow-calf system. Optional tours of the work at CEFS will be conducted on Tuesday morning, October 31.

The conference will feature highlights of recent applied research work at the CEFS dairy unit. This dairy comprises a 160-cow herd managed under a fall-calving, pasture-based system and includes purebred Holsteins and Jerseys and crosses between these breeds. A 3-year trial with cows stocked at either 1 cow/acre or 1.5 cows/acre is just being completed. Information on production, reproduction, economics, parasite control, indicators of health and immune function, milk flavor differences from pastured cows, and other topics will be presented.

Dairy genetics researchers from around the U.S. will be joining dairy graziers on Tuesday afternoon and evening to discuss breed selection strategies for pasture-based dairy systems. The Tuesday afternoon program will include presentations on several practical research topics, and a tour and discussion of various aspects of the management of the dairy unit, which will be in the middle of the fall calving season.

On Wednesday, November 1, the conference activities will move to the nearby Wayne County Agriculture Center in Goldsboro for more presentations and discussion. Topics including facilitating smooth dairy farm transitions to the next generation, management of dairy grazing systems, organic dairy production, and discussions featuring experienced dairy graziers from several states will highlight the second day's events. Conference proceedings will be available.

Registration information for the conference will be available at: [www.cefs.ncsu.edu](http://www.cefs.ncsu.edu) or by contacting [Steve.Washburn@ncsu.edu](mailto:Steve.Washburn@ncsu.edu) or (919) 515-7726.

## ***First Southern Regional Dairy Challenge Contest***

Dr. Steve Washburn  
NCSU Extension Dairy Specialist

The North American Intercollegiate Dairy Challenge (NAIDC) is recognized for teaching dairy management evaluation skills to top dairy students in the country. To build on that idea and introduce more young people in the South to the practice of dairy farm analysis, the first Southern Regional Dairy Challenge event is being planned for November 19-21, 2006 in Roanoke, Virginia.

"Holding a regional contest in the South provides a great opportunity for more students to have exposure to the Dairy Challenge concept," explained Albert de Vries, Assistant Professor of Dairy Science at the University of Florida who chairs the Southern Regional Dairy Challenge planning committee.

The Dairy Challenge is an innovative competition developed by industry and university professionals to promote to students a vibrant future for the dairy industry. Working in four- or five-person, mixed university teams, students assess all aspects of a working dairy farm and present recommendations for improvement to a panel of judges and the participating farm families.

Information on becoming a sponsor or enrolling a team in the first Southern Dairy Challenge can be obtained by visiting the web site at: <http://www.dairychallenge.org>. Contact Gary Hay at (225) 578-4411 or email [ghay@agctr.lsu.edu](mailto:ghay@agctr.lsu.edu) for more information on sponsorship possibilities.

## ***Johne's Disease in North Carolina***

Dr. Betty Herring, DVM  
NCDA&CS

### **What is Johne's Disease?**

Johne's (pronounced "Yo-nee's") is an intestinal disease of ruminants caused by *Mycobacterium paratuberculosis*.

- It causes a chronic wasting syndrome that usually presents with chronic diarrhea and a thickened intestinal lining
- Young animals are at greatest risk of being infected
- Older animals show clinical signs of diarrhea and weight loss
- Spread is usually by oral ingestion of the bacteria from colostrum or feces (organism can live over a year in soil)
- Infected ruminants can shed organisms in feces with no apparent signs of sickness
- Diarrhea and weight loss usually develop at 2-6 years but may take up to 10 years

### **How can Johne's Disease impact me?**

Dairy Herds- A USDA study of dairy cows in the US estimated that the disease costs dairy producers more than \$200 per cow in inventory each year, due to decreased milk production and premature culling. Besides these direct costs, the dairy producers face liability issues by selling breeding stock or ET recipients of unknown Johne's Disease status.

### **How can I tell if my herd is infected?**

Johne's Disease slowly creeps into a herd, rather than an explosive outbreak. Usually producers see an increasing number of cows with weight loss and diarrhea, or a decrease in production of 3-6 year old cows. Suspect cows may be tested by your herd veterinarian. A screening test of a normal herd can also be done to check Johne's prevalence.

### **What if my herd is negative for Johne's Disease on the screening test?**

You may decide to enroll in the North Carolina Johne's Disease Control Program and have a certified Johne's Disease veterinarian do a risk assessment and management plan for your herd. The program and testing costs are paid by USDA. You may (1) test once a year to have a certified **negative testing status** in the North Carolina Johne's Program. Or (2) you might elect to not test further and have a **management status**, doing best management practices to decrease the risk of introducing Johne's into your herd. Either plan lets other dairymen know you are aware of the disease and are taking measures to decrease the chances of Johne's Disease in your herd.

### **What if my herd has positive animals on the Johne's screening test?**

Your certified Johne's Disease veterinarian can advise you on the best course of action for your herd. Herds with a **positive testing status** in the North Carolina Johne's Disease Control Program are working to eliminate the disease by testing and culling. Decreasing exposure of young animals to older and /or known positive animals is a big part of controlling Johne's in a herd. **Management status** is a viable, but slower option to rid a herd of Johne's. Cull rate is not increased, but the disease is controlled by management changes and improvements.

### **What about sheep and goats?**

Small ruminants can contract Johne's Disease and the same principles apply to diagnosis and control. Sheep and goats do not usually show the chronic diarrhea that cattle exhibit, but the weight loss and decreased production in mature animals is seen. Currently USDA funds are not available to small ruminant producers but they can participate in the North Carolina Johne's Control Program at the producer's expense.

### **Can people contract Johne's Disease?**

There is no conclusive evidence, but researchers are studying the similarities between Johne's Disease in ruminants and Crohn's Disease in humans. If this connection is confirmed, the urgency of controlling Johne's Disease in ruminants will become a high priority for public health.

The most important thing is to KNOW the status of your herd, to enable you to make sound, responsible decisions on marketing your herd and its products.

**For more information contact:** NCDA&CS at (919)733-7601.

#### **NC Designated Johne's coordinators:**

USDA- Dr. Marla Friend (919) 855-7700, and  
NCDA&CS- Dr. Betty Herring (919) 740-8739

**Additional info:** [www.johnesdisease.org](http://www.johnesdisease.org), [www.vetmed.wisc.edu/pbs/johnes](http://www.vetmed.wisc.edu/pbs/johnes)

### ***NCSU Extension Dairy Specialists***

**Dr. Geoff Benson** - 919/515-5184  
-dairy farm management, marketing & policy  
**Dr. Brinton Hopkins** - 919/515-7592  
- nutrition, replacements, 4-H/Youth  
**Dr. Don Pritchard** - 919/515-8805  
-milking management, mastitis, special programs, newsletter editor  
**Dr. Steve Washburn** - 919/515-7726  
- reproduction and farm systems  
**Dr. Lon Whitlow** - 919/515-7602  
- nutrition & feeding management

### ***NCSU Extension Area Specialized Agents***

(Each of the area agents serve several counties. Their home county is listed after the phone number.)

**Marti Day** – 336-375-5876 – Guilford  
**Nancy Keith** – 336-679-2061 – Yadkin  
**Lara Worden** - 704-922-2118 – Gaston

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### ***Dairy Success Program Participating County Extension Agents***

**Roger Cobb** - 336/570-6740 - Alamance  
**Brad Johnson** – 704/633-0571 - Rowan  
**Tony McGaha** – 828/456-3575 - Haywood  
**Carl McKnight** – 336/242-2082 - Davidson  
**Carl Pless** - 704/920-3310 - Cabarrus  
**Ken Vaughn** – 704/878-3165 - Iredell

### ***NCSU Dairy Extension Web Page Address***

[http://www.cals.ncsu.edu/an\\_sci/extension/dairy/Dairyh~1.htm](http://www.cals.ncsu.edu/an_sci/extension/dairy/Dairyh~1.htm)



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