PUTTING A TOP QUALITY FORAGE PROGRAM TOGETHER ON YOUR FARM

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You know most of us here, and I am including myself, really don’t have a super talent for predicting the future with a great deal of consistency, however, our interest doesn’t have to be in predicting, but rather, just primarily in considering potentials and opportunities in the future. What do you say, let’s take a little time to look at some of the opportunities in the forage industry. The nation’s No. 1 cash crop.

The scenario of the future looks like it will result in less grain available for ruminants and, therefore, increasing more dependence upon forages.

In the beef industry, this will result in shorter periods of time for cattle in the feed lots. At the same time, consumer market demands will force the production part of the industry to produce products which consumers want.

Everyone here knows forages contain less available energy per pound than does grain and, therefore, average daily performance of animals is lower generally on a straight forage diet than when fed some grain along with it.

I would like to ask you this question. Does the time we gain by feeding grain really off-set the cost? Don’t you think maybe we could do some serious thinking of how we could use some higher quality forages and excellent management which would possibly narrow this gap of time and lower costs of the gain as well?

Now then, here is where alfalfa comes into the picture. There is one billion acres of forages in America which make the number one cash crop. The total estimated value of annual production of forages in America are valued at $20 billion dollars. Kentucky, which has always been known as a forage State, has approximately seven million acres of forages. This tells us we need to pay more attention to these acres for added advantage of opportunity for increased income through this industry. There are many different kinds of forages, but let us focus our attention to the best, "Alfalfa - The Queen of the Forage Crops".

The ultimate test for quality forage is livestock performance and research shows that truly alfalfa ranks at the top for positive feeding response and total livestock performance. As we take a look at the forage industry in Kentucky, we find we are utilizing the industry to about 20% of its potential. The 80% we are not utilizing, we must call this percentage opportunity.
Opportunity Number One - Cash Sales

Almost 80 percent of the horse farms purchase hay on the cash market, 37 percent of the dairy farms and 24 percent of the beef farms purchase hay.

Kentucky alfalfa producers could realize an additional $18 million to $22 million in revenues by gaining a 10 percent market share of potential alfalfa consumption in the southeastern states and a 30 percent market share of the hay that is currently purchased from out-of-state sources.

Some type of organized market system will have to be in place in order to capture the full potential for alfalfa. That is why we must have the Kentucky Hay Organization.

It will take several years to realize the full market potential for this product. It has been proven many times any organized marketing effort will yield results. It must stress quality and have the necessary equipment and personnel to provide grading and quality control. The Department and concerned institutions are committed to developing this effort for the betterment of the people. We are willing to commit the necessary energy and leadership to make this program useful and rewarding to those that seek a brighter future. Where there is no vision, the human family will perish in its endeavors. This is why the taxpayers of Kentucky have invested $469,000 in hay grading equipment and personnel. A well developed and economical transportation system will have to be part of any successful marketing program.

The development of a successful market infrastructure for Kentucky-produced alfalfa will require adequate funding from the state and producers. This calls for membership dues and hay testing fees and small commission fees for selling through the Kentucky Hay Associations.

Opportunity Number Two

We need the higher quality alfalfa forage in our dairy and beef cattle rations in Kentucky, primarily to make these animals work for us to the peak of their efficiency because of the element we call time.

Whenever we, as farm operators, are borrowing money, we need to develop a cash flow that turns our capital over as quickly as possible to show a profit in order to cut down payments for interest and principal of borrowed monies.

Eighty percent of feed cost for producing beef comes from forage. Sixty percent of feed cost in milk production comes from forage. As we are present here at this Alfalfa Conference, we came to take a look at the overall picture with optimism in mind, really knowing we indeed must fact the situation for what is an
absolute reality in forages since most of us have gone through a crisis revolution in Agriculture.

I am sure most of you here, who have never produced hay for sale, are wondering about the hay markets. Most everyone here who has and is surviving the revolution in agriculture has been knowledgeable enough to figure where the point of diminishing returns were in his agriculture enterprises. Whenever you leave here today, you will know beyond a questionable doubt that alfalfa is a quality forage, but just how some of you will work it into your farm operation, will indeed take some additional thought and decisionmaking.

I'm going to ask you to do this. Set aside a day or two before Spring, look at your farm land classification, profits and losses, farm cost, machinery, insurance, fuel, etc., chemicals and storage facilities. Are you maintaining soil fertility like you would want to? Are you keeping your machinery in state of condition you want to?

After you have thought about it for a while, ask yourself this question, "Do I want to farm with less cost and lower risks or with greater cost and higher risks?"

Opportunity Number Three

The Conservation Reserve Program sign up of approximately 32 million shows us that there will be a market for forages. The CRP sign up for these acres will be out of production for another eight more years.

Kentucky has around 5.5 million acres in hay, so we can compare the CRP sign up as the size of six states like Kentucky's hay production. The nation's beef herd at 33 million head is down by some 43% from an all time high of 57 million cows in 1975. Despite the 43 percent reduction in numbers, total beef production is down only 10%.

There will be more demand for leader forage fed beef in the future because of health concerns. The forage industry should be coupled with the livestock industry to further reduce risk and add some diversification.

My dear friends, when we think of Kentucky being a forage state, let's live up to our reputation as Kentucky being a top quality forage and livestock state.

I challenge you to join the forage forces and show the rest of the nation we can do it with forage and livestock and make a contribution to ourselves, society, and nation and when we are through, we can say we left our land better than we found it, for those that follow as in the pursuit of dignity.