Robert Schwart, Jr., Michael A. Tomaszewski, and Jeremy F. Taylor on DTP

The Texas Experience

In his article, "It May Work", in the Fourth Quarter 1986 issue of CHOICES Andrew Novakovic suggests that while no specific data exist to describe Dairy Termination Program (DTP) participants, his feeling is that: 1) A large percentage of DTP participants were the better dairymen. These better producers had other investment opportunities and did not have to bid so high to get accepted in the DTP. 2) There are a larger portion of financially weak producers remaining in dairying as a result of the DTP. These remaining producers are vulnerable to future price cuts. 3) The better producers who went out in the DTP will be successful in their new enterprises so they will not return to dairying at the end of their DTP contract.

In contrast, (DHIA) Dairy Herd Improvement Association data lead us to think that this wasn't the case in Texas and that participants were generally weaker managers.

About 15 percent of all Texas milk producers accounting for 16 percent of the state's 1985 marketings participated in the program. In Texas, 34 percent of our milk producers are enrolled in the DHIA. A total of 13.4 percent of the DHIA membership participated in the DTP. A total of 91 percent of the DHIA membership participating in the DTP produced milk at least one full year accounting for

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12 percent of the DHIA milk production. We examined annual 1985 DHIA data for DTP participants and non-participants in order to resolve questions about who participated and what the results will be at the end of the program.

We chose eight key variables to measure management ability. These variables and their statistics are presented in the table 1.

Texas DHIA Milk Producers

Milk production and value of production per cow data are provided to all DHIA members. Milkfat, feed cost and somatic cell count score are optional for the members. Thus, most of the information for DTP participants is for 75 producers, however, the number of producers were fewer for milk fat (71), income over feed cost (66), and somatic cell some (39). Similarly, most of the non participant data relates to 539 producers, but somatic scores were available for only 243 producers.

There were no statistically significant differences between DTP participants and non participants in herd size or days open. There were statistically significant differences between the two groups for the other variables.

The physical differences between DTP participants and non participants suggest that DTP participants used more cows with lower average level of production to achieve the same gross milk production at slightly higher milk prices and higher feed cost.

The greater use by DTP participants of the somatic cell count option (51.3% of DTP participants vs. 45.1% for non participants) suggest a greater concern with herd health. The somatic cell count score indicates the prevalence of mastitis and possibly other herd health problems. Mastitis lowers milk production and increases herd health cost.

Consequently, we feel the DHIA data offer evidence that on the whole the weaker managers in Texas took advantage of the buyout. We feel further analyses are needed by region before any definite conclusions can be drawn concerning who participated in the program.

If a large proportion of the remaining producers are the stronger managers, then social and economic concerns over the next few years will be different than they might have been had the weaker managers remained.

Texas DHIA Milk Producers

	DTP Participants	Non-participants
	Mean	Mean
Total cows	165	156
Cows milked	136	131
Annual lbs milk per cow	13,789	14,625
Annual lbs fat per cow	488	528
Average days open	151	145
Annual value of production per cow	1,829	1,937
Annual income over feed cost per cow	982	1,071
Somatic cell count score	03.5	3.2