

# Texas Dairy Matters

*Higher Education Supporting the Industry*

## ORGANIC DAIRYING IN TEXAS

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Nationally, organic milk accounts for 1.5% of the milk produced in this country based on results of the 2008 Organic Production Survey. This in-depth study conducted by the National Agricultural Statistics Service of the U.S. Department of Agriculture was a follow-up to the 2007 Census of Agriculture.

In 2008, Texas ranked 7<sup>th</sup> in milk production in the nation; however its organic production was 3<sup>rd</sup> in the nation. Although producers selling organic milk in Texas received nearly \$9.77 more per hundred pounds of milk shipped, production per cow was reduced. Based on the number of cows and the total pounds of milk produced, the annual production was calculated at 15,071 pounds of milk/cow from the organic herds compared to 21,040 pounds of milk/cow under conventional systems (Table 1).

**Table 1.** Select statistics compiled from the 2008 Organic Production Survey, 2008 Agricultural Statistics Service Quik Stats, and the Market Administrator’s Report, Southwest Marketing Area.

Category	U.S.		Texas	
	All Milk	Organic	All Milk	Organic
<b>Pounds Produced, Billion</b>	190.0	2.76	8.416	0.284
<b>Licensed Herds</b>	57,127	2012	640	9
<b>No. of Cows</b>	9,315,000	201,960	400,000	18,854
<b>Cows/Herd</b>	163	100	625	2,094
<b>Price/cwt</b>	\$18.29	\$27.21	\$18.70	\$28.47

This means that approximately \$4290 per cow of gross income was generated from the production of each organic cow, which is greater than the \$3934/cow of gross income from each conventionally managed cow. Production expenses are not readily available for the organic herds. Grain and forage commodities were included in the survey. Total quantities of the products and the value of the products sold off the farm were presented; however the quantity used on the farm was not given.



Consumer demand has driven the organic milk production market. Each month Federal milk order market administrators survey retail milk prices for selected cities during the first 10 days of the month. From this information, a simple U.S. average as well as an average by city is published. The retail milk prices for whole milk and 2 % milk from 2008 to 2010 are presented in Table 2 for Dallas and the U.S. Note that the organic milk is priced in half gallons.

Dairy producers continue to work to provide a quality product to the consumer. Those that have chosen to invest their time and effort in organic production are providing consumers with the choice of foregoing technological advances in the production of their food. These producers have different costs of production, management issues and returns; but are an integral part of the dairy industry in Texas.

**Table 2.** Retail price for milk in Dallas and across the US compiled from information obtained by USDA, Agricultural Marketing Service milk order market administrators from 2008-2010

Product	2010 <sup>1</sup>		2009		2008 <sup>2</sup>	
	Dallas	U.S.	Dallas	U.S.	Dallas	U.S.
<b>Whole Milk, Cost per gallon</b>	2.25	3.23	2.44	3.16	3.26	3.77
<b>2% Milk, Cost per gallon</b>	2.22	3.18	2.44	3.10	3.26	3.77
<b>Organic Whole Milk, Cost per half gallon</b>	3.17	3.70	3.17	3.79	3.21	3.81
<b>Organic 2% Milk, Cost per half gallon</b>	3.17	3.69	3.17	3.78	3.21	3.81

<sup>1</sup>The 2010 data is only for the first eleven months.

<sup>2</sup>The organic milk retail price series began in April 2008; thus only 9 months of data is included in the 2008 organic milk values.