



Kicking the Haying Habit

The economics of hay production make it more questionable than ever before.

Story & photos by **Troy Smith**

Rocky Foy was growing tired of the routine. The Glendo, Wyo., rancher spent most of every summer putting up hay, and he spent most of each winter feeding it to his cow herd. It was pretty much the same routine that generations of ranchers and stock farmers have followed. After some honest analysis of his haying enterprise, however, Foy thought there might be a better way.

"I put a pencil to it, and figured what it cost us to produce our own hay. Compared to some people, I thought our out-of-pocket costs were fairly cheap," Foy states. "I thought so until I figured up the value of the time we put into haying. It's labor-intensive, and that makes it expensive."

Many producers accustomed to harvesting hay by themselves, or relying on family to help, have never calculated the true cost of the labor required. Even when extra hands are hired, producers often fail to assign a realistic value to their own contribution of management and labor.

"The cost of owning equipment, maintaining it and buying fuel to run it is bad enough," Foy adds. "What hit me was the cost of our labor."

Foy's ranch is located in the foothills, along the eastern slope of the Laramie Mountains. The long-standing practice was

to summer-graze the higher country and take the cattle to lower ranges in the winter. But a substantial portion of their winter diet consisted of hay produced on the sub-irrigated meadows also found at the lower elevations. Nearby creek-bottom pastures provided some fall and early-winter grazing.

"By then the grass is pretty rank, and the cattle don't utilize it real well," Foy explains. "I wanted to rotate cattle through those creek bottoms earlier, during the growing season, then let them rest and recover. I figured we could graze them up to three times in most years, producing more and better-quality forage. And if that worked, we would graze the meadows, too, instead of haying them."

Make cows forage

Foy is moving the operation in that direction, toward greater reliance on grazing and less dependence on hay. He has used rotational-grazing practices long enough to see a positive effect on forage production, in both quality and volume. The goal is to realize more of the ranch's forage production potential, and keep supplemental feeding to a minimum.

"We need to stop babying our cows and make them work a little harder. They can do the harvesting themselves," Foy states. "We'll have to buy some hay, for emergencies like really bad winter storms, but producing our own hay just costs too much."

"Most folks need some hay, but it's tough to put up quality hay and do it efficiently."

— **Larry Falconer**

University of Wyoming Extension Educator Dallas Mount thinks many producers would be surprised if they did a careful and complete cost analysis of their hay production enterprises.

"Hay is expensive to buy, especially in a drought," Mount admits. "Still, in many

cases, it's cheaper for producers to buy hay than to put up their own. Most producers don't conduct separate analyses for their cattle, haying and land enterprises. Each enterprise should be able to stand on its own economically. Many haying enterprises won't, but harvesting hay is a habit — a customary way of doing things."

Mount is not suggesting that all producers should abandon hay production. He has helped some producers discover that a haying enterprise that made sense 20 years ago does not make sense today. While everybody knows various input costs

CONTINUED ON PAGE 126

►**Above:** There are economies of size, Texas AgriLife Agricultural Economist Larry Falconer says. "On some operations, haying is a big enterprise and all the expense of owning the equipment and keeping it running is justified," Falconer says.

Kicking the Haying Habit CONTINUED FROM PAGE 124

have risen, Mount fears only a minority of producers account for their total hay production expense and know what their homegrown hay really costs on a per-ton basis. Even if they keep track of machinery purchases and maintenance expenses, costs of fuel and fertilizer, and wages paid to hired help, most undervalue their own time and labor. They also forget to consider the value of their hay ground if it were used another way.

“Hay does have value standing in the field. You have to figure out [how] many AUMs (animal unit months) it represents as a grazing resource,” Mount explains. “It could be used to extend the grazing season for the herd, by using it early in the spring, or later in the fall or winter. Maybe the ranch could carry more cattle. Whatever way it might be

used, you have to consider what that feed is worth.”

Let’s assume a producer has established the value of the standing forage. To make economic sense, Mount says, the producer’s harvest cost must be “that much” less than the cost of purchasing hay.

“In my experience, while working with a variety of operations, most producers can’t do it,” Mount states. “It’s easy for them to have up to \$150 per ton invested in hay production, when they could have grazed the hay ground and had what hay they needed delivered at \$130 [per ton]. And they might even be able to buy better-quality hay than they could harvest at home.”

Cost comparison scenario fluctuates

Of course, prices fluctuate. Producers might pay less for purchased hay, or more, depending on the year. But the economics of hay production have been questionable for a long time, even when input expenses weren’t quite so high. Back in 2003, Texas AgriLife Agricultural Economist Larry Falconer reported that quoted hay prices during most of the previous 10 years had been

at or below the average producer’s cost of production. Today, Falconer continues to remind producers that economics should drive the decision between making hay and buying it.

Of course, the quality of hay available for purchase has to be considered. Producers want to get their money’s worth, so nutrient analysis is advised, especially for protein content. And producers want to avoid bringing in hay containing seeds from undesirable plants.

Often overlooked, Falconer says, is the value of nutrients brought to the operation through purchased hay. After the hay is fed to cattle, nutrients are transferred to the soil in manure and urine. In contrast, the harvesting of hay removes nutrients from the soil and application of fertilizer is required to replace lost nutrients and maintain desired levels of production.

“Most folks need some hay, but it’s tough to put up quality hay and do it efficiently. It would be more beneficial, for a lot of producers, if they bought it instead,” Falconer says.

Another option might be to set aside a meadow or two for hay, but have a custom crew harvest it. That would eliminate a producer’s need to own and maintain harvesting equipment. It would save depreciation costs and some labor expense. But the producer still has to think about the opportunity cost associated with the land set aside for hay production. In South Texas, Falconer adds, its value for pasture would be \$20-\$25 per acre.

“Of course, there are economies of size. On some operations, haying is a big enterprise and all the expense of owning the equipment and keeping it running is justified,” Falconer says. “But if you’re accounting for all costs, I think you have to be harvesting at least 800 tons per year to be competitive with a custom operator, or someone whose primary business is producing hay.”

Mount says there may be some ranchers out there with access to really cheap labor. Maybe their machinery is fully depreciated and the maintenance costs are extremely low. But Mount says producers like that are extremely rare.

“If they’ve done an accurate analysis for each of their enterprises and discovered they are really good at putting up hay at low cost,” Mount says, “maybe they should be selling hay.”



►“The cost of owning equipment, maintaining it and buying fuel to run it is bad enough,” Glendo, Wyo., rancher Rocky Foy adds. “What hit me was the cost of our labor.”

