

Growing The Pennsylvania Dairy Industry

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UNIVERSITY PARK (Centre Co.) — The projections for the future of the Northeast dairy business published in the May 10 issue of Hoard's Dairyman are troubling. If those projections hold true, by 2020 cow numbers in the Northeast will have declined to nearly 76 percent of current numbers, while cow numbers in the western states are projected to grow by more than 50 percent.

Although total milk production is projected to grow slightly in the Northeast, our market share will have declined to about 14.5 percent, down from 20.4 percent in 1980. Until 2001, milk production in Pennsylvania has grown slightly on an annual basis (an average of 1.69 percent or approximately 150 million pounds per year). In contrast, the California dairy industry has grown an average of 4.41 percent, or approximately two billion pounds, per year.

The progressive dairy states are aggressively pursuing growth opportunities to expand their industry. The leaders of the New York dairy industry have accepted the challenge to grow their industry. Yet in Pennsylvania, the reaction to the word "growth" in reference to our dairy industry is often met with animosity. Why is this? Are we so attached to a way of life that we will let it be the downfall of our industry? Having grown up in western Pennsylvania, I saw what the loss of key industries does to local economies and so-

cial structures. The loss of the mining and steel industries has still adversely affected many communities. Should the Pennsylvania dairy industry incur a similar fate, the impact on our rural communities could be devastating. It is important that we grasp the challenge before us and proceed at a pace we have never imagined.

Grow is not the four-letter word it is often perceived to be by some of our producers and industry leaders. Growth can be achieved by a number of methods and all producers can benefit. This is not an issue of small versus large. Our dairy industry needs both the small and the large producers. However, if producers choose to stay small, the challenges they will face in the future will tax their management skills like never before.

The cost to raise a family continues to increase. Family living draws for our average dairy family are approximately \$35,000-\$40,000 per year depending on tax liabilities. That requires \$500-\$700 per cow per year in net farm income, more than most average dairy businesses generate. Due to inflation, that number will continue to increase. Within 10 years, assuming an average inflation rate of 3 percent, \$47,000 must be withdrawn from the business to maintain the same standard of living that \$35,000 provides today. At 4 percent inflation, the number is \$52,000.

It will be important for our smaller producers to maximize the profitability of their businesses. They can achieve this by max-

imizing production and controlling their investments. This will require a different business model than small dairies have adopted in the past.

Owning the equipment and land required to raise crops to feed the cows is an expensive luxury. The returns on these investments cannot match the returns provided by a well-managed dairy cow, even at \$2,000 per head. The general trends all indicate that as production increases, so does profitability. Average production per cow topped 18,000 pounds for the first time in 2000. Yet many herds throughout the state are well below this figure, as are the county averages for many counties in Pennsylvania.

This presents a tremendous opportunity to grow our industry. Increases in production per cow have averaged 2.25 percent for the past 25 years. By establishing an industry-wide initiative to improve production per cow, we could achieve a 5 to 7 percent growth rate per year. This increase would go a long way in meeting the need for the additional production required to keep our processors satisfied. To accomplish this, we need to focus on cow comfort and forage quality issues in many areas of the state. Higher producing herds must focus on transition cow management and development of standard operating procedures. There is no reason Pennsylvania cannot be in the top five states in milk production per cow.

Increasing production per cow is only one avenue for growing our dairy industry. Many Pennsylvania producers aspire to achieve the lifestyle only a larger dairy business can provide them. We need to provide opportunities for those producers who wish to expand to do so. We must also show other producers how expanding can actually improve their lifestyle. Whether to attend professional meetings, take vaca-

tions or participate in outside activities, larger producers have the luxury of spending more time away from the farm. They hire and train good employees to manage their business when they are away.

Successful expansions require successful planning. In recent years, many of our dairies have expanded themselves into a non-man's land of dairy business. It is no secret that at 600-800 cows, dairy businesses begin to reach the economies of scale that many of our producers hope to achieve by expanding to smaller sizes. Careful well-planned expansions will provide an opportunity to grow to the next level within a relatively short period of time (three to five years). Over-investing in equipment and facilities can lengthen this time frame and will even keep some producers from achieving their ultimate goal. As an industry, we must practice sound investment strategies, which often means short-term sacrifice for long-term gain.

To help provide ample opportunity for our dairies to grow, we must stop the flow of cattle out of our state. Why do our western competitors purchase animals in Pennsylvania and pay the trucking to haul them long distances? Could it be that they realize that earning capacity of a well-managed animal far exceeds that of most other investments required in a dairy business? Those producers selling cattle to move west could make another \$50-\$100 per head by selling animals to local producers, who would still purchase cows for less money than our western competitors are paying.

As dairy businesses continue to grow, they will provide ample opportunities for support businesses such as custom heifer growers, custom harvest operators, and even custom crop growers. We need to establish these businesses throughout the state, as the smaller producers can benefit

from them as well as larger producers. In fact, smaller dairies will need to employ these services, as it will be increasingly difficult to maintain the investments necessary to operate a traditional do-it-all dairy business model. As an industry we must forge new relationships and help those who no longer want to operate a dairy business to find and develop the opportunities available to them.

The third avenue for stimulating the growth of our industry is to provide dairies with alternatives to relocate. Many areas of Pennsylvania and surrounding states continue to be developed into suburban communities. Within the next five to ten years, many dairies from these areas will be forced to make a decision to discontinue or relocate their businesses. In addition to these businesses, dairy producers from other countries have been immigrating to the United States. There are numerous areas in Pennsylvania that could accommodate an expanding dairy industry. If we are serious about revitalizing our state's dairy industry, we must promote Pennsylvania as a viable alternative to the Midwestern states for relocating a dairy business. We are close to the markets, have affordable land prices (in many areas of the state), and can provide a labor force with strong work ethics.

The challenge lies before us. We can continue on our current path and watch our industry decline, or we can switch paths and aggressively work to prevent this from happening. Ultimately, the responsibility lies in the hands of you, our state's producers, to decide which path you will take. Many producers are in this business because it provides them with a way of life that they can't find anywhere else. Now is the time to protect that way of life, by making tough business decisions. We must grow our industry, before it moves elsewhere, for once it is gone, your way of life just won't be the same.

Lancaster Farming Announces Family Farm Days Winners

EPHRATA (Lancaster Co.) — *Lancaster Farming* announces the winners of a free one-year subscription during a drawing conducted last week at the Oregon Dairy Family Farm Days.

They are John Patterson, Millersville; Ron James, Lancaster; Suzanne Horst, Ronks; and Karlee Blantz, Lancaster. Congratulations to all!

Sylvia To Head Penn State Crop And Soil Sciences Department

UNIVERSITY PARK (Centre Co.) — David Sylvia, professor of soil microbiology at the University of Florida, has been appointed head of the crop and soil sciences department in Penn State's College of Agricultural Sciences.

"Dr. Sylvia has demonstrated leadership and professionalism in his scholarship," said Robert Steele, dean of the college. "His work on mycorrhizae is recognized internationally, and he is an award-winning educator who has contributed strongly to the development of Web-based distance education. We are extremely gratified that someone of his stature will be joining us at the university."

Sylvia has been professor in the University of Florida's soil and water science department since 1993. He served as administrative intern for academic programs in the university's College of Agricultural and Life Sciences from 1996 through 1997, and was a visiting research fellow at the Biological Laboratory of the University of Kent at Canterbury, United Kingdom, in 1993. He was associate professor at the University of Florida from 1989 to 1993, assistant professor at the university from 1984 to 1989, and research associate there from 1981 to 1984.

Sylvia's research examines the microbial ecology of the rhizosphere — particularly mycorrhizal

fungi — with the goal of incorporating mycorrhizal technology into sustainable agriculture practice. He had edited three books, contributed chapters for 16 others, authored 57 refereed papers and abstracts and delivered invited lectures at numerous state, national and international research symposia.

He has been elected fellow of the Soil Science Society of America. He was honored as Graduate Teacher/Adviser of the Year in the University of Florida College of Agricultural and Life Sciences and was a 1997 Fulbright Distinguished Scholar. Sylvia received the University of Florida Outstanding Faculty Achievement and Performance Award in 1990, and was a National Academy of Science Exchange Scholar to Czechoslovakia in 1988.

Sylvia received his bachelor's degree in forestry from the University of Massachusetts in 1975 and a master's degree in plant pathology from the same institution in 1977. He earned his doctorate in plant pathology from Cornell University in 1981. He is a member of the American Society of Agronomy, the American Society of Microbiology, the International Society of Root Research, the Soil Ecology Society and the Soil Science Society of America.

PDA's Mark Butcher Chosen Livestock Grader Of The Year

MILLIE BUNTING
Market Staff

AUBURN, Ala. — Mark Butcher, Pennsylvania Department of Agriculture's (PDA's) livestock grading supervisor, received the Livestock Grader of the Year Award at the 42nd Annual National Livestock Grading and Marketing Association (NLGMA) workshop and conference in May at Auburn University.

Butcher was one of three Pennsylvanians attending the NLGMA's annual summer conference, whose main agenda involves a grading workshop which has been designated as the largest, most intensive training session for individuals interested in livestock grading and evaluation.

The other Pennsylvanians at the conference were Baldemar R. Ortiz, officer in charge of the USDA's market news office in New Holland, and Kenneth Ketterer, a PDA livestock market reporter.

In addition to reviewing current livestock situations in their various states, the 128 attend-

ees participated in correlating slaughter and feeder cattle grades of most species and classes of livestock.

The association's membership consists of about 220 livestock reporters/graders from 30 states. Members can be federal, state, or county government employees actively engaged in livestock market reporting and/or grading according to the USDA grade standards.

Butcher got his start in market reporting years ago as an intern for John Zimmerman, retired head of the PDA livestock market division. After he was graduated from Delaware Valley College, Doylestown, with a degree in dairy science, Butcher worked at Em-Tran for two years before joining the PDA market news staff in July 1991.

Butcher's livestock grading work involves the grading of feeder pigs and return-to-farm Holstein calves at the terminal markets whose reports are important to the buyers as well as sellers in trade. His responsibilities also include covering the

regular livestock auctions outside of Lancaster County with the aid of other state reporters who work in conjunction with the USDA Market News Service.

A native of York County, Butcher resides with his wife Stacey in Newport (Perry County). He said his farm background consists of growing up near a farm. He and his wife Stacey farm about 18-20 acres of produce for their own farmers market, growing everything from flowers in the spring to pumpkins for Halloween.

Called "Butcher's Farm Market," it is located on 4th Street in Newport. He said the market is mostly run by his wife, but he does do most of the planting and growing work. That is his sideline.

Butcher considers his livestock grading and reporting work very important to the producers, the market owners, livestock buyers, and packers. In these days of more and more direct marketing, producers still look to the market reports for information.