

Food For Thought . . .

Facts about Farmers, Food & Agriculture in New York State

Milk: It Does Our State Good

Remember the National Dairy Council slogan? *Milk - It does a body good.*

Well the fact of the matter is that New York's Dairy Industry does our state's economy a great deal of good. In 2007, the sale of milk and other dairy products topped \$2.28 billion, preserving New York's rank as the No. 3 dairy state behind only California and Wisconsin.

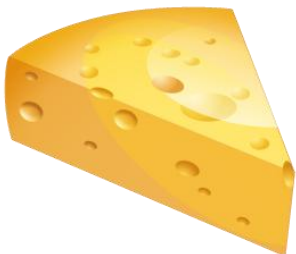
Major university studies done in Minnesota and Wisconsin have put the economic impact of each cow at \$11,671 in 1993 and \$13,737 in 2002. Factor in inflation and higher costs, such as property taxes, and the ripple effect of each cow could easily be \$15,000 per year in New York State (see pg 4).

Essentially, every cow creates a full-time minimum wage job in the surrounding community.

According to Cornell University, for every dollar of milk sold by New York State farmers another 33 percent is added back to the state economy and 81 percent on the sale of our manufactured dairy products. Overall, for every seven jobs supported on our dairy farms, another 13 are created off the farm.

Unfortunately, for our state and for our dairy farmers, foreign competition from China and other woefully under-regulated countries, low prices, and record processor profits over the past 30 years have made the dairy industry for farmers a whole lot of bust and a little bit of boom.

This cycle has changed the profile of the average farm in this state, forcing many farms to merge together, or just sell off their cows for beef. However, **nearly 99 percent of New York's farms remain family owned and operated.** The average dairy farm in New York State had about 66 cows 15 years ago and is still only about 110 cows, while dairy farms in New Mexico and California average more than 810 cows.





NEW YORK STATE SENATE Agriculture Committee



Public Opinion: Agriculture Preserves Our Heritage, Feeds Our Families, Supports Our Economy

For many residents of New York City and our state's urban centers, food is something you buy, prepare and eat. It comes from the store or the restaurant. Maybe you grow a few herbs or vegetables, or perhaps know someone with a little plot of land in the suburbs.

But in Upstate New York: Food, farming and agriculture are the foundation of both our economy and the heritage of our communities.

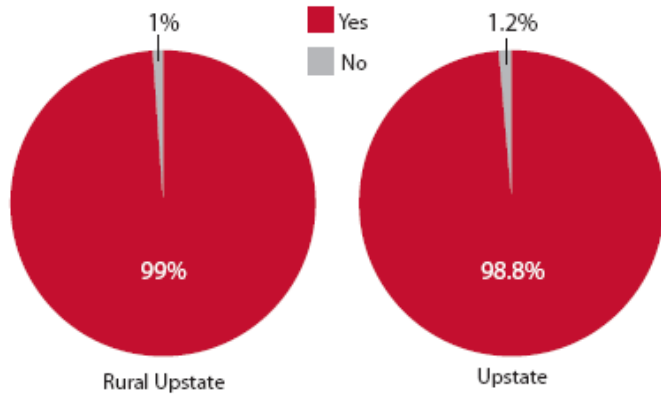
Surveys done in 2004 and 2009 found that Upstate New Yorkers value the state's agricultural industries for the positive impact on the state economy and the environment, the availability of quality local food, and the preservation of rural heritage.

In [Figures 1 & 2](#), the results of the 2004 survey show a staggering 99 percent of Upstate residents recognize the value of a thriving agriculture industry.

In a 2009 study for New York Animal Agriculture Coalition (farmskeepny-green.org), 6 of every 7 respondents said they had a favorable opinion of our state's dairy farms and the hard work our farmers do to strengthen the local economy, feed our families, protect our open spaces and preserve a way of life.

New York has fewer farmers now than ever before, but people of all walks of life still recognize the value of our farms and the need to protect our state's agriculture industry.

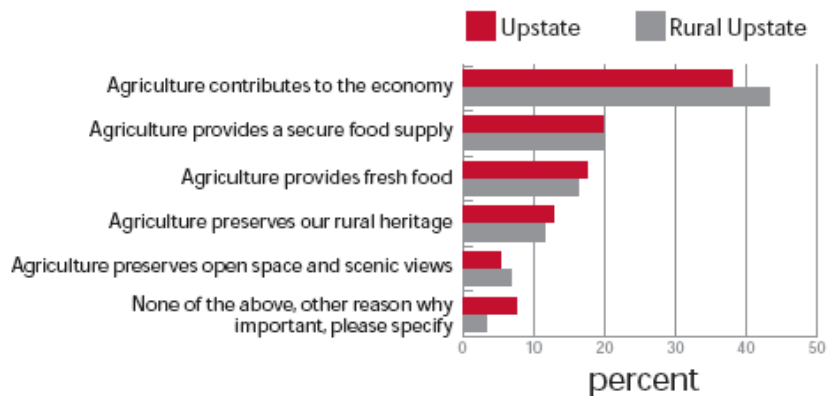
Figure 1: Do you feel having agriculture in New York State is important today?



Source: 2004 Empire State Poll

Polling Data from 2004 indicated that Upstate New Yorkers feel a close link to the agricultural roots of the surrounding countryside. Almost unanimously, the respondents said they considered our farms to be important and the economy topped the list of reasons why. (Graphics: May 2008 [Rural New York Minute](#) published by Cornell University's Community and Rural Development Institute, CaRDI.)

Figure 2: The most important reason why having agriculture in the state might be important to you



Source: 2004 Empire State Poll



NEW YORK STATE SENATE Agriculture Committee

The Rollercoaster Ride

New York's Dairy Producers: An Industry Off the Tracks

Unlike typical businesses, dairy farmers do not set the price for the milk they sell. Instead, it's derived from a complicated formula of surveys and statistics to set a monthly minimum price each farmer is to be paid per 100 pounds of milk.

By setting a minimum price, this system also creates an artificial ceiling on the price of milk sold by farmers to processors. After all, since milk is a perishable, it's not as though the farmer can hold out indefinitely for a better deal.

Over the past three decades, the price of milk at the store has doubled, while farmers have not seen a raise, despite ever rising costs.

In 1980, that base price for milk was a few pennies less than \$13 per hundredweight. By 1990, the price just shy of \$14 per hundredweight, but by 2000 the price had dropped to about \$12.65. **In 2009, it dipped even lower to less than \$12.50.**

All the while, the cost of doing business for our dairy farmers has climbed steadily year after year.

In 1980, it cost a farmer around \$9.39 to produce 100 pounds of milk, meaning that \$13 price provided for a decent living. Ten years later, the cost of production rose to \$11—still profitable with \$14 prices. The peaks and valleys were manageable.

But since 2000, earning a living on the dairy farm has been near impossible.

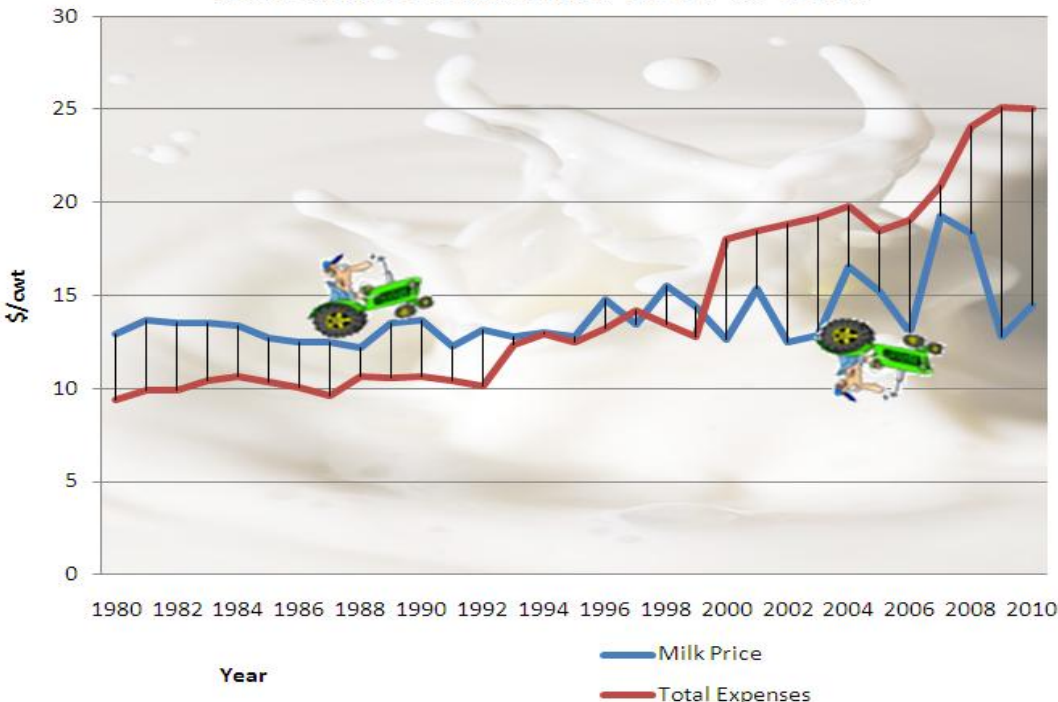
The price of milk has hovered between \$12.50 and \$15 per hundredweight in most years, while the USDA estimated cost of doing business rose to \$18 per hundredweight in 2000 and is now around \$25, meaning **farmers have been losing anywhere from \$4 to \$13 per hundredweight every year except 2007.** That one year spike saved hundreds of farms on the brink, but the latest drop has forced many more to shut down their milking parlors.

Though milk prices have risen slightly this year, many farmers remain in business because they

have depleted their savings or gone deeper into debt, to survive losing thousands of dollars per cow annually. Even if prices do cover expenses, it will take years to dig out of the hole.

In 1995, New York State had 11,000 dairy farms milking 730,000 cows, or just 66 cows per farm. Today, only about 5,500 dairy farms remain, milking 610,000 cows.

The Milk Price Ride 1980 to 2010





NEW YORK STATE SENATE Agriculture Committee

THE ECONOMIC RIPPLE EFFECT OF ONE COW



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|--|--|
| ■ Processing/Manufacturing - \$6,949 | ■ Construction - \$209 |
| ■ Agriculture/Mining: Grains, Forage, Fertilizer, etc. - \$607 | ■ Dairy Farm Products - \$2,341 |
| ■ Services: Vet, Legal, etc. - \$878 | ■ Government, Insurance, Real Estate - \$752 |
| ■ Trade: Food, Medical Expenses, etc. - \$1,238 | ■ Transportation/ Communication/ Utilities - \$678 |

Graph Based on a 2002 University of Wisconsin Study



The Economic Impact of each dairy cow goes well beyond the milk it produces.

The wheel of cheese above illustrates a May 2002 University of Wisconsin study, which found the ripple effect of one cow benefits local and state government, retail shops, wholesale trade, restaurants, bars, personal services, medical services, banking, insurance, electrical and mechanical services, housing and real estate to the tune of nearly \$14,000.

Factoring in inflation and New York's high property tax burden, this number is surely **\$15,000** or more in New York State, making **each cow worth at least a full-time minimum wage job in its community.**