# Where Have All the Dairy Farmers Gone?

*By Sienna Chrisman, Eco-Centraic Blog*

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Robin Fitch's husband has been a dairy farmer since 1976; the family has been milking 175 cows near Cooperstown, New York, for the last ten years. Her 25-year-old son, Justin, is desperate to take over: "It's the only thing he wants to do," she says. It's unlikely that he will get that chance, because the family is seriously considering getting out of the business. Their days start at 4 a.m. for milking and chores, and she has two part-time jobs, but the family is only barely making ends meet.

Gretchen Maine, who lives nearby in Waterville, New York, got out in 2015. She was undergoing treatment for kidney cancer, leaving her 77-year-old husband milking cows alone. Looking at the direction milk prices were going, the couple decided to sell their hundred cows and get out of dairy farming. "It was a hard decision," Maine says, "but it was the only decision. With the price of milk going to crash, there was just no sensible reason to keep on going."

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Fourth-generation Wisconsin farmer Joel Greeno sold his 80 cows in 2013. Eighteen months later, milk prices hit a record high. At the time he sold the cows, Greeno says, "prices weren't the worst, but they still weren't good." He was recovering from emergency surgery and would have had to buy additional animals in order to financially stabilize the farm; the family was wary of going into debt on a future as uncertain as dairy farming and decided to get out. He sold some of the cows for half of what he had paid, and says if he had waited six months, both milk and cattle prices increased so much that he could have gotten three times that - "but that's the volatility of the dairy market."

**47,000 Farms Closed Down**

In rural areas, you don't have to look far to find these stories. Over 47,000 dairy farms have closed down or consolidated since 2000. Milk production has not slowed; it is being produced on fewer larger farms. In 1997, US farmers were milking 9.1 million cows on 125,000 farms; by 2012, there were nearly 9.3 million dairy cows on just 64,000 farms. Like many industries, dairy farms benefit from economies of scale: larger operations are more economically efficient in terms of equipment, land and other resources. However, large dairy operations also externalize many of their costs, drawing excessive water from local aquifers, polluting air and water with manure disposal and consolidating wealth from the community rather than supporting a wide network of thriving businesses.

**The Maze of Milk Pricing**

In dairy, as most farming sectors, there is enormous pressure to "get big or get out," echoing the directives of Richard Nixon's Secretary of Agriculture Earl Butz. The pressure for small farmers like Fitch, Maine and Greeno is felt in their balance sheets and wallets every day, and it's getting worse: nationally, the price farmers receive for milk has fallen nearly thirty-five percent since a high in September 2014, from $26 to $17 per hundredweight (about twelve gallons). For the average small farmer milking under 200 cows, a hundred weight of milk costs around $22 to produce, not even including their own labor. That's a loss to the farmer of five dollars with every twelve gallons that leave the farm. *Continued pg 9*



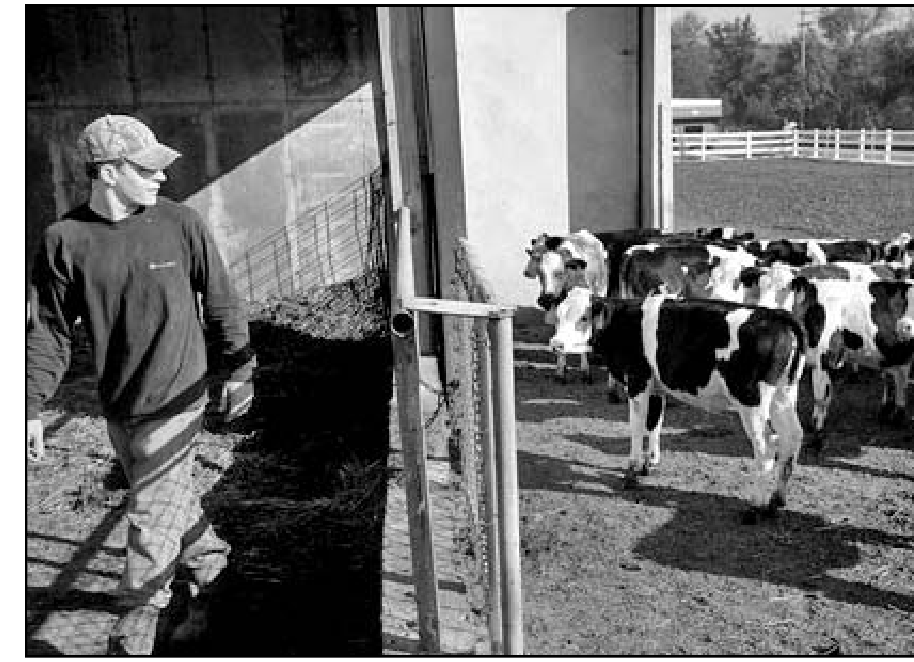
**Milk Price Fallen 35%**

Nationally, the price farmers receive for milk has fallen nearly thirty-five percent since a high in September 2014 [resulting in]a loss to the farmer of five dollars with every twelve gallons that leave the farm. Milk prices, however, have little to do with the farmer's cost of production. Sixty percent of the US milk supply is controlled through what are called the Federal Milk Marketing Orders (FMMO), which were established to lend some stability to the dairy market by setting a minimum market price. Most of the remaining supply is similarly controlled by state orders.

According to the USDA Agricultural Marketing Service, the FMMOs "stabilize market conditions, benefit producers and consumers by establishing and maintaining orderly marketing conditions, and assure consumers of adequate supplies of pure and wholesome milk at all times." Price stability is important because the unique qualities of milk can make it a volatile commodity: milk is produced every day, regardless of market demand, and it is highly perishable, so farmers cannot store it in hopes of a better price. If the milk truck does not come to unload the milk tank regularly, the farmer literally has no place to store the milk coming the next day.

**No Promised Stability**

The stability promised by the FMMO, however, has not materialized. Rather than basing the minimum market price on the costs of milk production - including feed, fuel, equipment costs and other farm expenses - USDA bases the minimum on the market prices of milk products: butter, cheese, dry whey and powdered milk. Manufacturers of dairy products, many of them multinational corporations like Kraft, Nestle and Dean Foods, are required to submit the prices they received for these products every week; these numbers are then plugged into a complex formula that determines the price dairy farmers are paid for milk.



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USDA recognizes that the price set by this unusual system may sometimes fall below the farmer's cost of production, but rather than change the formula altogether to reflect those costs, it has implemented stopgap measures. Prior to 2014, a policy provision called the Milk Income Loss Contract Program (MILC) set a floor price; if milk prices dropped below $17 per hundredweight, USDA would make up the difference. As illustrated by today's price, $17 is still well under production costs for many farmers, but it guaranteed a certain level of income until the milk price rose again.

**Farm Bill Eliminated 2014**

In the 2014 Farm Bill, MILC was eliminated, and guaranteed payments were replaced by the Dairy Margin Protection Program (MPP), insurance that aims to cover the difference between the milk price and feed costs. For many farmers, though, USDA feed cost estimates fall far short of total cost of production and in order to get anything but the most basic catastrophic coverage, a producer must pay premiums into the system. The program has not provided relief to farmers; Robin Fitch calls it "a joke," saying, "It returns maybe a nickel on the dollar we lost." in comparison to what the MILC program paid out. New York Senator Kirsten Gillibrand, who serves on the Senate Agriculture Committee and represents the third largest milk producing state in the nation, seems to agree; she wrote to USDA in July 2016, requesting that dairy farmers' MPP premiums be refunded, and noting that while the program took in $75 million in 2015, it only paid out $700,000, despite dramatically falling milk prices.

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