

[View this email in your browser](#)



How much does it cost to produce 100 pounds of milk on a small, conventional dairy in Northern Vermont?

Our farm business planner, Silene DeCiucies, recently completed a dairy cost of production study with 7 dairy clients. With funding through the NE-SARE (Sustainable Agriculture Research and Education) program, the study focused on conventional dairy farms milking fewer than 100 cows who primarily grow hay as their main feed source, utilize pasture, and feed purchased grain. These farms are most vulnerable to changes in the industry and a large portion of the dairy farms in our service area. Silene worked with each farm to collect past financial and farm data to determine the costs to each farm to produce 100 lbs of milk or a “hundred-weight” (cwt). Compiled data was then brought back to each farm so that they could compare themselves to the group (participating farms were anonymous to one another) and identify things they were excelling at, and/or areas where they could improve.



CAE decided to dive into this project because in our work with dairies we found that many of them didn't have the time to sit down with their financials to determine their own cost of production (COP), that it was often a helpful process, and that farms of this scale had no benchmarks to compare their production systems to. National dairy benchmarks exist for farms of a much larger scale that have very different management systems, and Vermont dairy benchmarks only currently exist for the organic sector. Providing a basis for comparison is a helpful tool for any business, and is a good way to get conversations going about changes in management or trends over time.

Participating farms were compensated and received free access to an independent nutritionist and/or grazing consultant who looked at their rations and feeding systems. This provided an outside perspective (the majority of dairy nutritionists are tied to a feed company and thus a bit less objective) for each farm. Feed is the single largest expense for these farms, so a second opinion on feed or grain rations can make a big difference in the bottom line. In addition to ration management, key factors such as forage quality, feeding schedules, access to water, grazing management, young stock and breeding management, and land fertility management all have an



other key leverage points for improving COP, and each farm had the opportunity to follow up with Silene to make plans moving forward using templates to compare production years past present, and future via projections.

In addition to hopefully helping some farms increase and understand their profitability, this project highlighted these types of farms are not adequately compensated for their product. Small changes can be made on

the farm to slightly reduce cost of production, but when farmers are prioritizing the health of their animals and land, only so much can be done for the bottom line in a commodity market that does not support them.

The average cost of production for these 7 farms was \$23.37/cwt, and does not include owner labor, owner's draw, or family living expenses. The average price these farms received from their milk buyers was \$18.51/cwt. Take a moment to let that soak in. That's more than a \$4.50 discrepancy per cwt, and with an average yearly production of 1.1 million pounds, that equates to these farms incurring approximately \$53,853.66 in costs over what they are paid. There is a wide range of profitability among the farms included, and many of them manage other enterprises that bring additional revenue to the farm but often not at a scale that can make the entire farm work financially. If we look at those numbers at face value, the message is clear: small farms are not at all supported by the commodity dairy industry.



The 7 farms included in this study manage more than 2000 acres of productive and beautiful rolling hayland in our communities. These farms are feeding our communities, and working

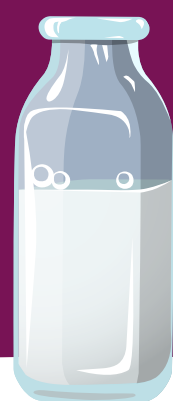
it is important to note that not all farms can be characterized the same way. The farms in our communities represent expanses of well tended land, carbon sequestration in the form of perennial forages, edge habitat for countless native species, and local food sources in the form of milk, meat, vegetables, and grains. They provide rural jobs, learning opportunities for youth, and keep dollars circulating locally. Vermont Agency of Commerce data shows that each dairy cow creates \$12,500 in economic activity in Vermont each year, and that the dairy industry supplies around \$3 million in circulating cash each day to Vermont. Socially, small farms keep land wealth in the hands of farmers and accessible by rural Vermonters. The existence of working land preserves a rural community history and fosters a healthy relationship between communities and the land. We are lucky to still have small family farms in our area of the state, and it is in our best interest to hold on to them because we can tell you for a fact that the odds are not in their favor.



If small farms are to continue to exist in our rural landscape, the issue of pay price (how much farmers are paid for their milk by their coop) needs to be addressed. In our current system, small farms simply cannot compete with 1000 or 10,000 cow dairies on cost of production. We need to start thinking more creatively— with new markets and processing facilities, explore alternatives to commodity grain markets, restructure hauling costs, look at a pricing structure that values the ecological, environmental and social benefits of small farms... All ideas should be on the table. At CAE, we hope to use this work to engage with more farms and stakeholders in Vermont dairy to keep ideas flowing and lines of communication open. We encourage you to do the same!

Photos by Silene DeCucies

4 Ways to Support Local Dairy



BUY DIRECT

1

Check in with your neighboring farms about purchasing raw milk directly off the farm. Many farms sell raw milk legally through Vermont's 2 tiered raw milk program, and this keeps your dairy dollars as local as possible. Contact Silene (silene@hardwickagriculture.org) if you need help finding a raw milk farm near you!

SUPPORT LOCAL FOOD

2

Check in with your local dairies about other products they have for sale such as beef, produce, veal, maple, compost, or mulch hay. Your local farms are most likely producing many of these products at a very high level of quality, and this is another way to keep dollars local and support alternative income streams for dairy farms.



3

SUPPORT OUR WORKING LANDSCAPE

We live in a beautiful state with plentiful grass that is transformed into high quality milk and dairy products by our local farmers. We have a working landscape that is largely maintained by dairy, and by hardworking farmers who choose to get up and produce food for us every day. Find a local farm or store where you can buy your favorite local ice cream, yogurt, cheese or chocolate milk!



GET TO KNOW YOUR LOCAL FARMERS

The dairy industry is very complicated and many dairy farmers are caught in the middle of an antiquated federal pricing system that does not factor the care and effort that dairy farmers put into their farms. All farms are different, with different land bases, debt, infrastructure and cows. Dairy receives a lot of media attention so form your own opinions by getting to know your local farmers and then asking questions.

4

