



North Country Dairy Viability Initiative FACT SHEET: Growing the NNY Milk Supply

At the invitation of the North Country Dairy Viability Initiative, Dr. Mark Stephenson of Cornell University's Program on Dairy Markets and Policy conducted a study of the Northern New York region's potential for dairy production. His study areas were based on dairy value chain issues identified by farmers in Jefferson, Lewis, St. Lawrence, Franklin, Clinton and Essex counties. Those farmers wanted an assessment of the region's ability to grow its milk supply. The results of the study were presented in Plattsburgh, Malone, Canton and Watertown in June 2005, and are summarized in this fact sheet.

ASSESSING THE NNY LAND BASE

Using land mapping data made available by Dr. Peter Woodbury of Cornell University, Dr. Mark Stephenson of Cornell University's Program on Dairy Markets and Policy found that Northern New York has a concentration of land currently in pasture, an old field or in miscellaneous use that could be reclaimed for forage production to support dairy production.

A study of statewide data on soil types, slope, elevation and drainage offers insight into yield potential. Although much of the land in Jefferson and St. Lawrence counties is ranked as "somewhat poorly drained" and the potential corn yield on these lands may be marginal, even when an economic factor requiring at least 80 bushels per acre is applied, the NNY region still has more untapped resources than any other area of the state.

COWS & MILK YIELD

The Western and Central Plains region along Lake Ontario and the Northern New York regions were the only two areas showing any growth in cow numbers in New York State in 2002. Since 1980 Northern New York has had the second highest cow numbers. Although, at the time, the numbers were on a downward trend, the numbers were declining less in Northern New York than in other regions and the Northern New York cow numbers were still above the state average. (Cow numbers in 2005 increased in Jefferson, Lewis and St. Lawrence counties.)

Increase in milk production per cow in Northern New York has lagged. Although milk production here is better than the state average, production is well below that of the Western and Central Plains region and is an area for management attention.

NNY'S FISCAL POTENTIAL

Data from the New York State Agricultural Statistics Service, Dairy Farm Business Summary and Milk/County Estimates offered data on the Northern New York region's fiscal potential for growing its milk supply. Since 2000, the region has had the lowest total costs of production and consistently has the lowest operating cost per hundredweight - less than \$14/cwt in 2003. From 2000 to 2003, Northern New York farmers also had the lowest total costs/cwt. Since 1990, Northern New York farmers have had the highest or second-highest net over operating costs and often had the highest net over total costs.



 champions of northern new york's dairy industry

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**NNY’S FISCAL
 POTENTIAL**

Northern New York farmers also consistently see the lowest milk price per hundred-weight, based on Dairy Farm Business Summary data. Because the summaries do not include data from all farms, Stephenson compared milk check values on 218 milk checks from 181 farms. Higher premiums were paid to farmers in the region surrounding New York City. Northern New York farmers received similar premiums to farms in the central and western parts of the state. However, Northern New York producers are notable for producing low milk components, specifically protein. Stephenson suggests that by adjusting rations and making other dairy management decisions, producers could add twenty to twenty-five cents per cwt to their milk checks.

**MILK CHECK
 SURVEY**

In January of 2000, Northeast milk checks added multiple component pricing and changed from farm point pricing to plant point pricing, which make producers care where their milk goes. Producers also began seeing changes in hauling charges.

**To participate in
 future milk check
 surveys, contact
 your local
 Cornell
 Cooperative
 Extension office.**

About 200 producers participating in the milk check survey mailed their August 2000 milk checks to Stephenson for analysis in return for a standardized report comparing each farm’s check to the ten geographically closest farms participating in the study. The report shows that farm’s payments in comparison to the high, low and average payments of the ten closest farms, seldom more than 20 miles away.

The report includes figures for butterfat, protein and other solids; component values; producer price differential; volume, quality and market premiums; gross pay, net pay, and deductions for hauling, co-operative dues, and promotion.

Milk Check Survey: Mean Component Pricing

Counties	Pounds Sold	Means		
		Butterfat	Protein	Other Solids
J-L-St	128,880	3.646	2.928	5.550
F-E-C	151,813	3.749	3.011	5.647
N-C	153,338	3.697	2.969	5.599
Rest of NY	153,338	3.697	2.984	5.610

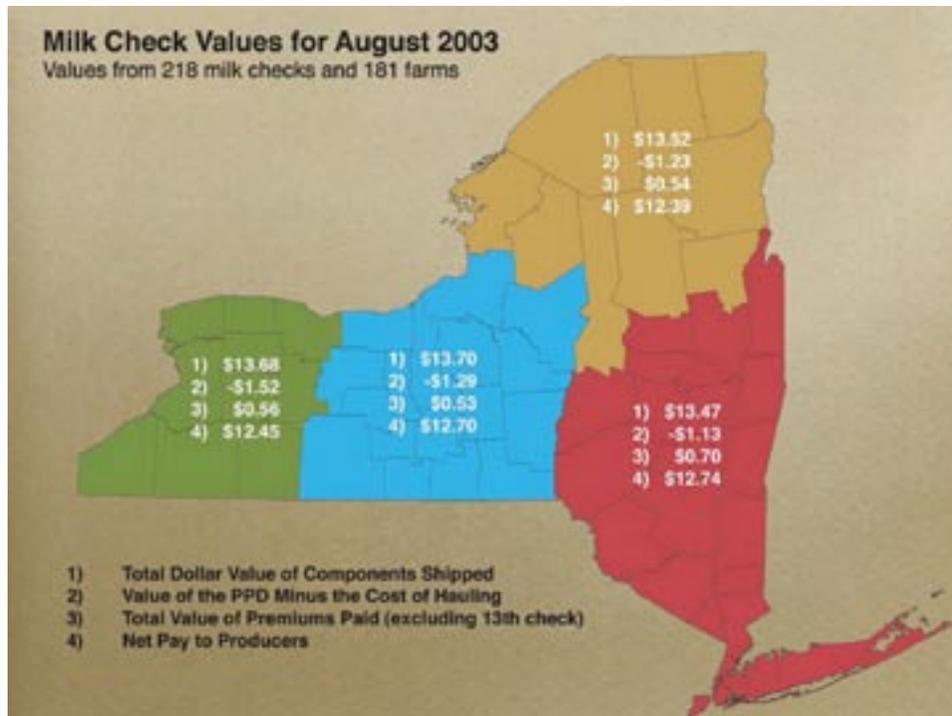
Key:

J-L-St: Jefferson, Lewis, St. Lawrence counties
F-E-C: Franklin, Essex, Clinton counties
N-C: North Country

MILK CHECK SURVEY
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A \$2.50 range of difference was seen in component values paid and a \$2.80 difference in net marketing value. Some farms received premiums in only one category, while others received different levels in mixed premiums paid. In at least one instance, market premiums averaged 32 cents of every 64 cents of all premiums paid and were related to the location of the farm.

A study of milk checks in August 2003 showed regional variations (see map and table below).



Milk Check Survey: Milk Check Values for August 2003

The chart above shows the milk check values by region as calculated from 218 checks from 181 farms.

	NNY	Hudson/Downstate	Finger Lakes	WNY
1)	\$13.52	\$13.47	\$13.70	\$13.68
2)	-\$1.23	-\$1.13	-\$1.29	-\$1.52
3)	\$0.54	\$0.70	\$0.53	\$0.56
4)	\$12.39	\$12.74	\$12.70	\$12.45

Key:

- 1) Total Dollar Value of Components Shipped
- 2) Value of PPD Minus the Cost of Hauling
- 3) Total Value of Premiums Paid (excluding 13th check)
- 4) Net Pay to Producers

CONCLUSIONS

**Use untapped
land resources**

**Maintain
standing as
consistently low
cost producers**

**Investigate
opportunities for
improvements,
particularly in the
areas of
milk components
and production
per cow**

**FOR MORE
INFORMATION**

A Northern New York Scorecard for Growing the Milk Supply Potential

Untapped Resources	B+
Fiscal Measures	
Cost of Production	A
Marketing Premiums	B+
Component Production	C

Stephenson said the propensity to produce milk is influenced by producers' desire to invest in production, the individual farmer's life stage, and being open to making changes, for example, adjusting rations or adding technology. Producers have the opportunity to improve their production and substantially increase their market premium income. For example, Stephenson said, every 100 cows are worth about four more cents in volume premium. Every 100,000 fewer somatic cells equal about 11 cents per hundredweight premium.

Producers can influence the amount of their milk checks through management and marketing decisions. There are management practices that can be changed in the short term that would add to the bottom line immediately. But not every farm has the same situation. Each farmer needs to assess his own operation and take the steps needed to move toward its maximum potential.

For more information on participating in the Milk Check Survey and on other dairy topics, contact your local Cornell Cooperative Extension (CCE) office:

- CCE Clinton County: 6064 Route 22, Suite 5, Plattsburgh, NY 12901-9601
518-561-7450
- CCE Essex County: 3 Sisco Street, Suite 1, Westport, NY 12993-0388
518-962-4810
- CCE Franklin County: Court House, 63 West Main Street, Malone, NY 12953
518-483-7403
- CCE Jefferson County: 203 N Hamilton Street, Watertown, NY 13601
315-788-8450
- CCE Lewis County: Outer Stowe St, PO Box 72, Lowville, NY 13367-0072
315-376-5270
- CCE St. Lawrence County: 1894 State Highway 68, Canton, NY 13617
315-379-9192

January 2006



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