Idaho Milk Production Closes in on New York
(Farm & Ranch Guide, ND)
By Sean Ellis, Idaho Farm Bureau Federation

Put your index finger and thumb as close as they can get without actually touching. That’s how close Idaho came in September to passing New York and claiming the No. 3 spot in U.S. milk production.

Idaho came within a whisker in milk production of passing New York, but the real story is the Gem State’s incredible growth in that sector, which shows no signs of slowing.

As Agweb.com writer Jim Dickrell put it in a story posted Nov. 12: “Hidden in USDA’s September milk production report is a startling fact: Idaho came within 4 million pounds of out-producing New York to take the No. 3 spot in U.S. milk production.”

In September, Idaho produced 979 million pounds of milk while New York produced 983 million pounds.

That’s an astounding achievement, he added, considering that 10 years ago, Idaho was No. 9.

“In 1998, it blew by Texas, Michigan and Washington to claim the No. 6 spot. Five years later, it overtook Minnesota for No. 5. Last year, it bumped off Pennsylvania for No. 4.”

With Idaho cows producing 63 pounds of milk per day vs. 52 pounds per day for New York cows, it would seem it’s only a matter of time before Idaho claims the No. 3 spot.

“I fully expected it; I just didn’t expect it this quick,” said Emmett dairyman Terry Jones, an Idaho Farm Bureau Federation board member.

That never-ending production growth was coupled with soaring dairy prices that hit record levels this year. Yes, life is good for Idaho dairy producers.

“This is something we pray for,” Jones said. “It’s absolutely awesome.”

Idaho is knocking on New York’s door despite the fact the Empire State has 105,000 more cows. As Dickrell put it, “Production matters.”

Why? Well, for one: “If you have a lot of cows producing not so much milk, tankers have to travel farther to fill up. It comes down to simple economics,” he said.

Dairy states with below-average production put their infrastructure at risk, he said.

“When it leaves, they have no one to blame but themselves.”

Idaho has the opposite problem. Whereas milk production per cow in Idaho was 19,092
pounds in 1997, it was 22,326 in 2006. Idaho produced 5.2 billion pounds of milk in 1997, but that total soared to 10.9 billion pounds in 2006.

With increased production and soaring prices, the Idaho dairy industry could come close to $2 billion in on-farm cash receipts this year, far surpassing any other ag industry in the state. Last year, dairy sales in Idaho totaled about $1.3 billion.

For comparison’s sake, cattle at second place accounted for $1.03 billion in on-farm cash receipts in 2006 and potatoes ranked third at $664 million.

While state milk-production rankings in themselves mean little other than giving producers bragging rights, “it demonstrates the efficiency of producing milk in Idaho,” said Bob Naerebout, executive director of the Idaho Dairymen’s Association.

Dairy production in this country started moving West because of climate factors, he said, and favorable climatic conditions in the Magic Valley is one of the main factors that has made the Gem State an attractive location to produce milk. Affordable, high-quality feed raised in Idaho and supplied to the dairy industry is another major factor.

Seventy-two percent of the dairy cows in Idaho are located in the Magic Valley area “because it has good quality, economical feed and a dry climate,” Naerebout said.

While New York is well within range, major changes would have to occur before Idaho passed California and Wisconsin, the top two milk-producing states in the nation, respectively. The Golden State produces roughly three times as much milk as Idaho, and Wisconsin is not far behind California.

Milk prices reached a record high of about $21 per hundredweight this summer, and they haven’t fallen much since then. January futures are at $18, Jones said, and futures are over $17 for all of 2008.

Since the cost of production is now at about $15 per cwt., he adds, that’s good news, though there is some worry prices will fall below that break-even point.

The reason for the continued high prices is simple: There is currently much more demand than supply. The export market is largely to thank (or blame if you’re a consumer) for the high prices, as world demand has skyrocketed. Particularly in China, demand for dairy products has increased as incomes have risen.

As Jones puts it, the world’s demand for dairy products “is starting to show up in the pocketbook of Idaho producers.”

According to the United Dairymen of Idaho, about 96 percent of the milk processed in Idaho is used to produce cheese. The vast majority of that is shipped out of state, primarily to the East Coast for food service operations.
Lest anyone think dairy producers are living the high life, they should keep in mind that farmers are in a catch-up game financially, said Cheri Storey, communications director for UDI.

Prices have been great for several months, but “before that they endured a year and a half of horrible prices. They weren’t even near break-even prices,” she said.

Environmental challenges seem to be the only thing on the horizon that even threaten to stop Idaho’s explosive milk-production growth. Several challenges in the way of county ordinances and moratoriums have been leveled at the industry, which seems to find itself fighting them at every turn lately.

Many of those ordinances are completely devoid of facts, Naerebout said. The industry’s job is to “make sure they’re based on logic and not on emotion.”

IDA is challenging some of the ordinances because they are not based on logic, he added. For example, one county is trying to regulate nutrient management. Because nutrient management is already a fully regulated field, they can’t do that legally, he said.

Another ordinance would prevent manure from being exported out of the county.

“We would have to question why you would include that in an ordinance,” Naerebout said.

Jones said some of the environmental claims against the dairy industry are totally undeserving and based on shoddy science.

“The black eyes we’re getting are based on unfounded pseudo-science,” he said.

In fact, the dairy industry has been very good for Idaho, Jones said. Besides employing more than 22,000 people in the state and accounting for more than $1 billion in personal income in south-central Idaho alone, the industry generates an estimated $67.5 million in tax revenues for Idaho.

Plus, in the good-neighbor department, UDI has contributed more than $3.4 million to support Idaho High School Activities Association programs. UDI has also contributed more than $1.1 million to Idaho schools in the form of scholarships.

Since 2004, UDI has also provided $174,000 in grants to provide 486 milk coolers to Idaho schools.

Producers didn’t have to spend the money that way, Storey said.

“They chose to spend it on Idaho … students.”

“It’s a good success story, and the dairy industry is doing it the right way,” Jones said.
“We are good stewards of the land, and we’re good caretakers of our animals, and we’re smart business people.”