



For Immediate Release
June 24, 2009

Contact: Jayne Sebright, 717-259-6496
c-jsebrigh@state.pa.us

DAIRY INDUSTRY SURVEY SHOWS NEED FOR TRANSITION, PLANNING RESOURCES

HARRISBURG – More than 1,600 Pennsylvania dairy producers completed a survey conducted by the Center for Dairy Excellence this spring to determine what resources are needed to help producers deal with the changes in the dairy industry.

Preliminary results from the “Pennsylvania Dairy Producer Survey” showed the need for more coordinated resources to help producers cope with business risks and transitioning to the next generation. The center shared the information with the Pennsylvania Dairy Task Force during its June meeting.

“Proper business and succession planning is essential to a successful transition from one generation to the next,” said John Frey, executive director of the Center for Dairy Excellence. “Yet, only a portion of the producers planning to exit the business in the next five years have taken these steps, and we believe this represents an important priority for our work in the future.

“The importance many respondents placed on stabilizing milk price volatility also shows a need for increased resources to help producers manage their milk price risks,” Frey added.

Participants represented about 22 percent of Pennsylvania dairy farms with 27 percent of the cows in the state that provide nearly a quarter of Pennsylvania’s annual milk production.

Southeastern Pennsylvania had 50 percent of the respondents and 20 percent were from the south-central region. The combined western and northeastern regions represented about 25 percent of survey respondents.



More than 60 percent of the respondents milk less than 80 cows, while 25 percent had between 80 and 150 cows. Only nine percent of the respondents had more than 150 cows. Sixty-five percent of the respondents housed their cows in a tie-stall facility, while 31 percent housed cows in free-stalls.

Preliminary results showed herds in the southeastern part of the state had the highest milk production per cow, while the distribution of herd sizes was very similar among the four regions.

Key findings highlighted at the task force meeting included:

- Eighteen percent of respondents said they were considering switching to intensively managed rotational grazing by 2013;
- Seventeen percent said they were considering exiting the business in the next five years, with 57 percent of those individuals saying that they planned to have a family member or younger partner to continue the business after they exit;
- Only seven percent of those respondents planning to exit the business in the next five years said they had developed a formalized succession or transition plan;
- Only 12 percent of all respondents said they had a formal business plan in place for their operation;
- Fifty-seven percent said they had no desire to expand their operation, citing land availability, family considerations, excess debt and inadequate labor as the four limiting factors in expanding; and
- Stabilizing milk price volatility was listed as one of the top three ideas in improving business performance, while increasing herd size was ranked considerably lower than the other choices.

Additional research will be conducted to further evaluate the survey and the impact the findings will have on Pennsylvania's dairy industry in the future.

“The center will use this information to organize the resources, many of which are already developed, to help dairy producers meet these needs and keep their farms thriving in Pennsylvania,” Frey added.



Those interested in learning more about the survey data in depth can participate in a Webinar later this year. Anyone interested in participating should contact John Frey, executive director for the center, at 717-346-0849 or c-jfrey@state.pa.us.

###

The Center for Dairy Excellence is an initiative of the Department of Agriculture and was launched in January 2004 by Governor Edward G. Rendell. Bringing together people from more than 40 different dairy organizations in Pennsylvania, the Center's mission is to enhance the profitability of the dairy industry by empowering people, creating partnerships, and increasing the availability and use of resources. Learn more about the Center at www.centerfordairyexcellence.org.