

# Help Pennsylvania Break Through The 10.8 Billion Pounds Threshold By 2008



Pennsylvania's dairy producers, processors, supply and service providers, and community members all benefit from a growing dairy industry. Help the industry reach its goal of 10.8 billion pounds of milk by 2008. Reaching this goal will demonstrate that Pennsylvania has a strong, vibrant future in the dairy industry.

## How Producers Benefit:

- ✓ Increasing milk production regionally benefits the local dairy infrastructure — more milk for the processors to utilize, more cows for veterinarians to care for, more supplies and services needed by dairy producers. This in turn means those companies will decide to stay in Pennsylvania and serve the producers who need them.
- ✓ Every 3 more pounds a cow produces per day results in an additional \$100 in annual net profits per cow. On a 70-cow herd, that's a \$7,000 increase in profits each year.
- ✓ Maximizing the use of your existing facility by "filling the barn" means spreading your existing fixed costs over more cows and increasing your total profits for the farm. The return on investment for cattle purchases is more significant than most any other purchase on the dairy.
- ✓ Increasing Pennsylvania's milk supply would not have a detrimental effect on producers' milk prices, since the state only represents about six percent of the nation's milk supply. For example, a 10 percent growth in Pennsylvania's milk production would result in less than a 0.6 percent growth in the national supply.

## How The Industry Benefits:

- ✓ Helping producers increase their profitability and improve their return-on-assets to the 8—10 percent level means more profitable customers for your business.
- ✓ Helping them gain the management skills needed to operate an efficient and productive dairy operation will help them be better managers long-term, which means you'll have a long-term customer or supplier.
- ✓ For processors, more milk production in the state means more milk coming into your processing plants and supplying your Class I markets.
- ✓ For the sales and service industry, higher milk production levels in the state means added supplies and services needed by the producers ... and added business for you.



## Help Dairies Improve ROA

The Center and Dairy Task Force want to help as many dairy farms as possible achieve a 8—10 percent annual return on assets, which be a significant increase from the current 2—3 percent level.

Increasing milk production per cow and optimizing use of current facilities are critical to reaching this goal.

## How Pennsylvania Benefits:

- ✓ The dairy industry provides more than \$4.2 billion in economic value and 40,000 jobs to the Commonwealth.
- ✓ The dairy industry is the economic driver for agriculture, the largest industry in the state.
- ✓ A growing dairy industry means more jobs and more tax base for the state, with every nine cows producing one job in the industry and one cow supply \$13,737 in economic value to the community.
- ✓ Profitable farms are sustainable farms, and they provide wide open spaces and other benefits to Pennsylvania's environment.

*Empowering people, creating partnerships and coordinating resources to grow dairy profitability in Pennsylvania and the Northeast.*



**Center for Dairy Excellence mission:** Empowering people, creating partnerships, and coordinating resources to grow dairy industry profitability in Pennsylvania.

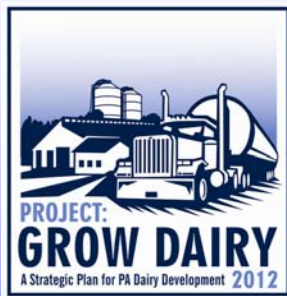
Since 2003, the state has grown its annual milk supply by 644 million pounds. This has helped to increase on-farm profits by \$82 million in the dairy sector, generating more than \$185 million in economic impact for the commonwealth. Efforts by the Center for Dairy Excellence and Pennsylvania Dairy Task Force to coordinate the direction, goals, leadership and resources of the dairy industry have helped to sustain this increase. A few examples of Center and Dairy Task Force collaborative efforts are below.

**FOR PRODUCERS:**

**The Dairy Profit Team Program** brings better ideas and increased profits to more than 100 dairy farms. Those participating in the program's first year saw \$249 in increased profits per cow on their farms. For a 100-cow dairy, that translates to nearly \$25,000 in increased income. In 2007, the Center introduced two extensions of the Dairy Profit Team Program:

- **The Target Team**, which applies the team concept to a specific bottleneck area and identifies a targeted goal to accomplish within an identified time period, and
- **The Practical Dairy Advisor Program**, which aligns experienced producers to serve as peer advisors for farms enrolled in either the profit or target team programs.

Resources available to farms enrolled in this program include up to \$3,500 in funding support, as well as access to technical expertise, a start-up workshop and Penn State Cooperative Extension's Profitability Assessment Dairy Tool.



**FOR THE INDUSTRY:**

**The Dairy Advocacy Resource Team, or DART**, provides industry support personnel who interact daily with Pennsylvania's 8,500 dairy farmers with valuable information, resources and networking opportunities to bring additional value to their producer clients.

**The Northeast Dairy Leadership Team**, created by a Memorandum of Understanding between the agriculture leadership in Pennsylvania, New York and Vermont, brings together more than 50 individuals representing all facets of the dairy industry to establish a vision and promotes profitability for the region's dairy industry.

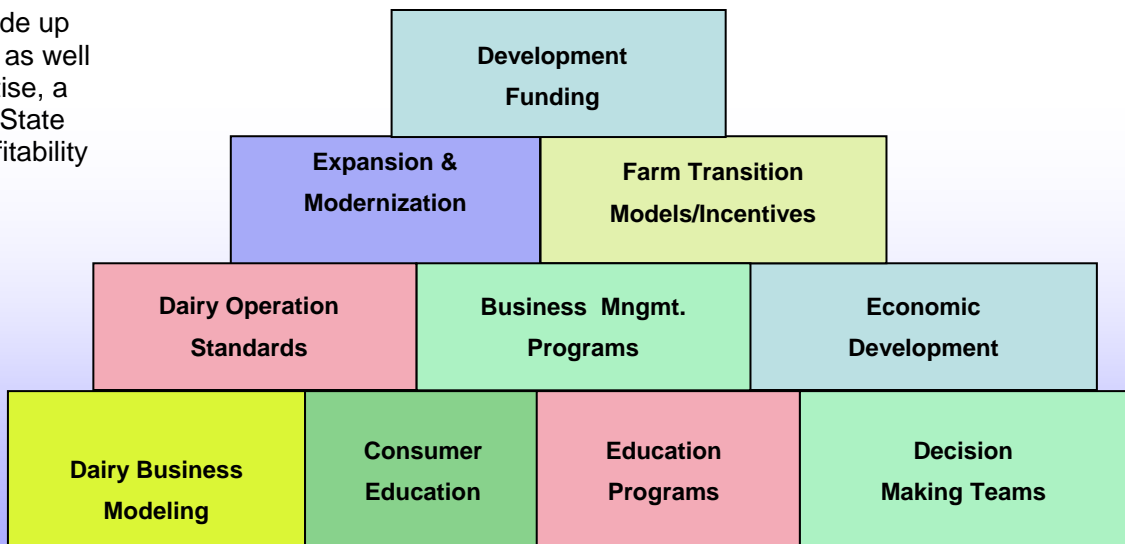
**FOR CONSUMERS:**

**Discover Dairy Lesson Series**, a collaboration of the center and the Pennsylvania Dairy Promotion Program, is an interactive, Web-based lesson series with video, formal lessons, classroom activities and computer-based games.

The lesson series can be found at [www.discoverdairy.com](http://www.discoverdairy.com) and show students valuable contributions dairy farms provide to local communities.

**Project: Grow Dairy 2012: A Strategic Plan for Dairy Development**

The PA Dairy Task Force has recently rolled out an aggressive plan to grow Pennsylvania's dairy industry, encompassing everything from training to incentives to operational standards to help producers be more profitable and viable in PA. It will also include efforts that support a more favorable environment for a growing dairy industry. Foundational elements include:



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