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## **DAIRY MARKETS, FARM PROFITABILITY DISCUSSED AT PA DAIRY FORUM**

*USDA Sees Current Dairy Crisis as Learning Opportunity*

**HARRISBURG** – More than 250 people who recently attended two Pennsylvania Dairy Profitability Forums learned about milk pricing, dairy policy, best management practices, and future dairy farm profitability. The forum is hosted annually by the Center for Dairy Excellence and the Pennsylvania Department of Agriculture.

USDA Deputy Undersecretary of Farm and Foreign Agricultural Services Michael Scuse spoke at the forum in Harrisburg, calling the current dairy crisis an "opportunity to make meaningful changes that will have a long term positive effect on the dairy sector. The key will be finding long-term solutions on which the different geographic areas of the industry can agree.

"USDA received more than 300 nominations for its 15-member Dairy Advisory Committee," Scuse added. "The major charge to that committee, which replaces the Federal Milk Marketing Order Review Commission, will be to address milk price volatility."

During the second forum in Mercer County, Bob Gray of Bob Gray Consulting LLC, discussed the various dairy policy proposals submitted for review by Congress, including the supply management proposals and a proposed mandatory industry-wide Cooperatives Working Together growth management initiative. He also discussed federal order reform, price discovery, risk management and implementation of the 2008 Farm Bill.

Phil Plourd, president of Blimling and Associates Inc., a dairy research, consulting and risk management firm in Wisconsin discussed factors that caused the dairy price collapse and what needs to happen for prices to rebound. He also compared the United States dairy system to New Zealand, the European Union and Canada to analyze the U.S. system's strengths and weaknesses.



“The U.S. is as well positioned as any country to meet growing global demands for dairy,” Plourd said. “The U.S. farmer is recognized as exceptional, with a demonstrated ability to perform, and our infrastructure support system is unmatched anywhere in the world.

“However, the U.S. price support program distorts our market, with products made more for the government commodity purchase program than to meet global demands. Going forward, the U.S. will need to define what type of player it wants to be in the global dairy marketplace and shape its policies accordingly.”

Dr. David Galton, a Cornell University professor, shared a blueprint for future dairy farm profitability, emphasizing the importance of knowing business financials and evaluating business decisions on a per hundredweight basis.

“As inflation outpaces marginal milk profits, every expense and each purchase must be evaluated on a per hundredweight basis to make sure you have both the volume and income to cover it,” Galton said.

Participants could attend two of four breakout sessions, including:

- “Managing Production Costs Through Monthly Cash Flow Budgeting,” presented by Brad Hilty and Rob Goodling of Penn State Dairy Alliance;
- “Cows Don't Lie: Evaluating Three Areas for Performance and Profitability,” presented by Tom Lorenzen from Alltech Industries;
- “Understanding and Managing Dairy Risks,” presented by Katie Krupa of Dairylea and Alan Zepp from the Center for Dairy Excellence; and
- “Sharing Low or No Cost Profit Enhancement Ideas,” a panel discussion facilitated by Mike Evanish of MSC Business Services.

A meeting summary and presentation hand-outs are available online at [www.centerfordairyexcellence.org](http://www.centerfordairyexcellence.org). Click on "CDE Events," then on "Dairy Profitability Forum." Or call the center at 717-346-0849 for more information.



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*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](http://www.centerfordairyexcellence.org).*