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Fewer dairy farms means price of milk will be rising

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Too many people, not enough cows.

Milk prices, steadily climbing since the 1980s, are poised to rise again.

Farmers are selling out to developers for a hefty profit while being squeezed by an increase in corn prices and the increasing costs of environmental regulations.

Adding to the pressure are the hundreds of thousands of people who continue to move into the Sunshine State every year -- many of them lifelong milk drinkers.

"The number of farms have been shrinking in every state in the country and Florida is no exception," said Albert de Vries, a University of Florida assistant professor of dairy sciences. "What's new is corn prices are rising due to the use of corn for ethanol production so that corn is not available to dairy producers for feed."

It is not just milk that is going to cost you more: ice cream, cheese and other dairy products also are likely to rise, too.

"I really don't see any quick fixes," said de Vries, who recently published a report on the problems facing Florida dairy farmers for UF's Institute of Food and Agricultural Sciences.

Other industry watchers agree.

"This ethanol competition for the corn will be huge this year and will put some dairies out of business," said Maggie Murphy, special projects coordinator for Southeast Milk Inc., a 340-member cooperative of dairy farmers from Florida to North Carolina.

"It's a double-whammy. Land values make it difficult to justify continued dairy farming coupled with the increased cost of corn."

New environmental safeguards required in recent years, ones designed to keep the tons of manure produced every week at dairy farms from polluting nearby waterways, are costing an average of \$1 million to put in place. It is often too much for smaller farmers to pay.

The new dynamics are already stifling dairy farmers.



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Dairy farms are selling their land to developers as the rising cost of corn makes feeding cows more expensive.

MILK PRODUCTION ON THE DECLINE

WHAT'S NEW: Florida's milk production is in decline while the state's population continues to grow. Florida had about 130,000 dairy cows in December, down from 152,000 in early 2002.

WHAT'S HAPPENING: Florida has about 150 dairy farms left, and that amount declines about 6 percent each year, mainly because of small farmers selling out to home builders.

WHAT'S NEXT: The price for a gallon of milk, now averaging \$3.49, is expected to rise. Costs of other products containing milk, like ice cream, should increase, too.

The state's milk production has gradually declined from 2.46 billion pounds in 2000 to 2.27 billion pounds last year, the Florida Agricultural Statistics Service reports.

The U.S. Department of Agriculture found that the average price for a gallon of milk has jumped more than 200 percent during the last 20 years, from \$1.14 to about \$3.49.

It is unclear how much higher prices could rise because of the current pressures.

Florida's already warm and humid climate already makes milk production tough for dairy cattle that evolved during centuries of selective breeding in the more moderate climates of northern Europe. During the summer, milk has to be shipped into Florida to meet demand while a surplus is shipped out during the winter.

The Sunshine State has about about 150 dairy farms left, but that total declines about 6 percent each year. Farms that remain -- often larger operations -- have so far ramped up production to fill the void.

Overall, the state is still producing about 90 percent of the milk that it did in the 1980s.
