

## Milk Prices Rise As Dairy Farms Disappear

Florida's human population is growing but the state has fewer dairy farms and cows, according to UF researchers, who say retailers may need to rely more on out-of-state milk in the summer and fall when local supplies run dry.

Milk prices are also expected to rise slightly this year, mostly due to increased demand, said Russ Giesy, a UF dairy extension agent in Bushnell. Giesy is co-author of the 2007 Florida Dairy Farm Situation and Outlook, an annual report that compiles data from surveys of Florida dairy farmers on revenues, expenses and investments.

"The overall per-capita demand for milk hasn't changed, but we have more residents," Giesy said. "We need the Florida dairy industry to grow, not retract, to supply that milk."

The report shows Florida with about 130,000 dairy cows in December 2006, down from 152,000 in early 2002. Florida has about 150 dairy farms but that number has been

declining about 6 percent each year.

The state's milk production has gradually declined as well, according to the Florida Agricultural Statistics Service. Total production was down from 2.46 billion pounds in 2000 to 2.27 billion pounds in 2006.

About 86 percent of Florida-produced milk is sold as drinking milk, the rest is used to make cheese, butter and whey products, Giesy said.

The state's dwindling dairy herd is mainly the result of smaller farms closing, he said. With land values booming, many farmers choose to sell their property to developers, sometimes earning \$10,000 an acre, far more than the land is worth for agricultural production.

"The cost of production in Florida is going up, profit margins are getting narrower, which requires that producers modify continuously to come up with more efficient methods," Giesy said.

Production costs in Florida can run 25 percent higher than the national average, said Albert De Vries, a UF animal sciences assistant professor and

co-author of the report. A large part of the extra expense is due to Florida's hot, humid climate, which reduces milk production unless climate-control technology is used. Feed costs are also higher in Florida because farmers use large quantities of corn hauled from the Midwest.

"Corn is the big new looming issue," De Vries said. "Corn prices are up, nearly double from last year."

Demand for corn used to make ethanol fuel has driven up demand for the grain used to feed cows, and speculation has pushed prices higher, Giesy said.

Though production costs are rising, revenues have not kept pace, the report said.

The average cost of producing 100 pounds of milk in 1996 was \$18.51, compared to \$20.18 in 2005, according to the report. But farmers received an average of \$18.32 for that 100 pounds in 2005, virtually the same price as in 1996 — \$18.39.

Russ Giesy, [rgiesy@ufl.edu](mailto:rgiesy@ufl.edu)  
Albert De Vries, [devries@ufl.edu](mailto:devries@ufl.edu)

*Tom Nordlie*

*Albert De Vries checks dairy cattle at UF's Dairy Research Unit in Hague.*



*Josh Wickham*