

National Farmers

Agricultural Cooperative marketing our
Member's Milk, Grain, and Livestock.

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- We can trace our roots **back to the 1950**
- Over **100 members** in the State of Michigan
- **"Marketing" cooperative** – we do not own processing plants
- Promote **Family Farms** and opportunities for all size farms
- In Michigan we operate under a **joint marketing agreement with DFA**
- We market significant amounts of **Organic milk and grain**

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NFO's Goals and objectives:

Market our members milk, grain, and livestock at fair prices by securing and accumulating adequate supplies, by meeting or exceeding quality expectations, and assuring timely deliveries for our customers.

Supporting the Family Farm on the Local, State, and National level by making law makes aware of issues in agriculture and develop, suggest, and promote solutions.

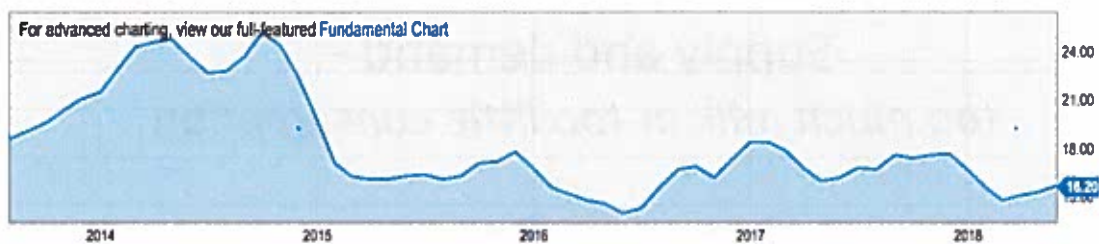
Work with other like minded cooperative and businesses for the mutual benefit of our farmers, including, whenever feasible, consolidation of activities to reduce cost.

Crisis in Dairy in America

- We have lost 2/3 of the dairy farms in America with less than 200 cows – gains 268% in farms over 2400 cows
- Prices below operating cost on most farms today for years
- Long term trend – will destroy rural America

Low Prices are Persistent Fourth year of low prices

Class III Milk Price



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What does 20 years look like

	Year 1998	Year 2018	%
Avg US Salary	\$28,861	\$48,642	68% Increase
Avg Cost of New Home	\$148,000	\$248,000	92% Increase
Avg 1 gallon of Gas	\$1.15	\$2.60	126% Increase
Cost of Stamp	\$0.32	\$0.50	56% Increase
Avg US Pay Price to the Farmer (1 Gallon/Milk)	\$1.33	1.19	5.4% Decrease

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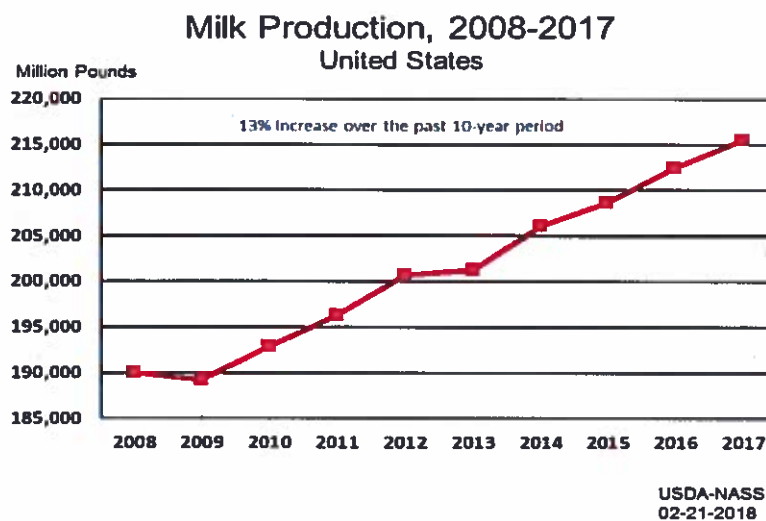
What is causing these low prices?

Supply and demand –
too much milk or too little consumption



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Milk: Production by Year, US



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1970 670,000 dairy farmers in the US

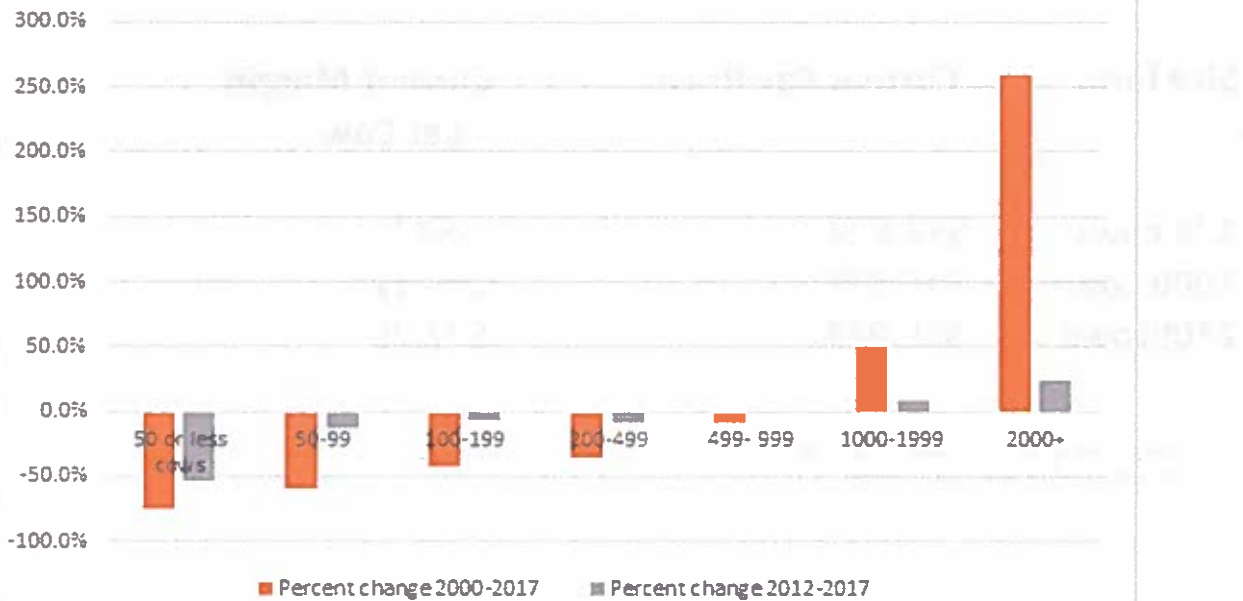
2018 less than 40,000 dairy farmers left

2036 USDA projects fewer than 18,000

94% Fewer farms in 48 years & more milk ??????

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Percent Change in Dairy Farm Numbers by Size



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USDA - Milk Production Costs and Returns per Hundreweight - 2017

	Less 50	100	200	500	1000	1000-1999	2000 +
Ave # Cows	34	67	136	303	686	1339	3673
Feed and Direct Cost	16.03	14.84	13.9	12.87	11.87	11.6	11.4
Hired labor	0.45	0.74	1.39	2.21	2.28	2.36	1.82
Taxes & Insurance	0.28	0.28	0.27	0.25	0.16	0.15	0.12
General & Overhead	1.11	0.98	0.72	0.65	0.54	0.5	0.32
Total Operating Cost	\$ 17.87	\$16.84	\$ 16.28	\$ 15.98	\$ 14.85	\$ 14.61	\$ 13.66
\$17.87-13.66 = \$4.21							
EXCLUDES							
Opportunity cost unpaid labor	11.78	6.46	3.36	1.29	0.6	0.26	0.09
Capital Recovery on Machinery	4.92	4.59	4.35	4.22	3.93	3.71	3.5
Opportunity Cost- Land rent	0.16	0.08	0.06	0.03	0.01	0	0
Total Cost	\$ 34.73	\$27.97	\$ 24.05	\$ 21.52	\$ 19.39	\$ 18.58	\$ 17.25

\$21.52 - 17.25 = \$4.27

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Size farm	Current Pay Price	Current Margin per Cow
120 cows	\$16.829	-\$2.53
1000 cows	\$16.829	\$45.12
2400cows	\$16.829	\$72.25

- Margins based on USDA operating cost per CWT
- Using a 22800 pound cow annual average

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With **no action** – conversion to large mega dairies will continue

Our focus is on a *structural management system* because we see this as a way to maintain small and medium-scale farms

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Bio-security and Food Safety issues by having all cows massed on only a few very large farms:

Recent News Headline :

FEBRUARY 19, 2019

Air Force Pollution Forces New Mexico Dairy To Euthanize 4,000 Cows

BUSINESS

| BY: [ANNA-LISA LACA](#)



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Attitudes Around Local Family Farms

- There is a positive perception of local family farms, and a majority of the respondents think it is important to support family farms to benefit other local businesses, their community and the environment.
- A majority of the respondents, especially in California, would also like to see a certified seal on dairy products to identify ones that are made with milk from family farms.

Agreement Statements about local family farms	A. Total (n=300)		B. Midwest (n=100)		C. Ohio (n=100)		D. California (n=100)	
	T2B %	B2B %	T2B %	B2B %	T2B %	B2B %	T2B %	B2B %
It's important to support family farms	93%	1%	93%	1%	93%	0%	93%	1%
Family farms benefit local communities	93%	1%	94%	1%	93%	1%	92%	1%
Family farms support other local businesses	90%	1%	91%	1%	91%	0%	88%	1%
Family farms benefit the environment	86%	2%	82%	2%	86%	1%	90%	4%
A certified seal (such as Gluten Free seal or Organic seal) would help identify dairy products made with milk from family farms	73%	9%	63%	13% D	72%	9%	83% BC	4%

Q: *Please rate how much you agree or disagree about the following statements about local family farms.
 Upper case letters indicate significance at the 90% confidence level.
 T2B=Top 2 Box (Somewhat agree or strongly agree) B2B=Bottom 2 Box (Somewhat disagree or strongly disagree)



Food Integrity & Innovation

Modify the existing Federal Milk Orders to include a two tier pricing premium whereby each dairy farmer would receive a premium on his first level (tier) of production

Pay an extra \$4.00 amount on the first 1,000,000 pounds produced each month .

Reallocate the remaining amount equally

Does not increase cost to consumers

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The Federal Order System recognizes the different values of dairy products. Class I Milk – bottled milk has always been higher priced than milk used to make powder or cheese. If we can recognize the different values in finished products why not recognize the different cost on different sized farms?

Income

Class I Highest price
 Class II Next highest price
 Class III Lower price
 Class IV Normally lowest

Distribution

Tier I Highest cost
 Tier II lowest cost

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-USDA predicts by 2036 project fewer than **18,000 dairy farms will be left** in the US

- Hoards 4/15/2017 – article by Jack Britt , by 2066 only **1300 - 1900 dairy farms left** in America

WHERE ARE WE HEADED?

