

News

Feed, fuel tap profits from farms

By Adam Bosch
May 06, 2007

Times Herald-Record

Bob Sykes of North Branch wiggles the last milking machine onto a cow's udders. He steps back, wipes both hands on his mud-laden jeans and shoots a joke at his brother, Tim.

"Exxon-Mobil made how much in profits last year — 30 billion?" Sykes says, standing between two rows of cows, milk machines chugging away. "And what did we have come Dec. 31? Zero dollars!"

"No," Tim says, smiling because he knows the real answer. "Dad said we had \$14 in the checkbook."

"Oh, yeah," Bob says, half laughing. "Fourteen dollars in profits."

While they're laughing on the outside, local dairy farmers are consumed with economic worry. And for good reason. Over the past decade, the cost of feed, gas, fertilizer and other farming necessities has dramatically outpaced the revenue farmers make from selling their milk.

Since 1980, the price of diesel fuel has jumped 207 percent and corn feed increased by 56 percent. But farmers? They're only making 31 percent more for their milk.

The price of corn feed has risen sharply over the past six months because much of the nation's harvest is going toward ethanol. Ethanol, which is derived from fermented corn, is becoming more popular as a renewable fuel. To produce quality milk, cows require corn feed as a source of protein.

Since November, the price of corn feed has jumped 33 percent, from \$195 a ton to \$260. During that same period, farmers' revenue increased 21 percent, from \$14 per 100 pounds of milk to \$17. The average retail price of milk has increased from \$2.72 to about \$3.30 since 2006.

Much of that money is going to the milk processors and the retailers. In March, when the state price-gouging limit was \$3.25 per gallon, farmers were making an estimated \$1.40, or less than half.

These imbalances are forcing farmers to cut employees, use old machinery instead of buying new, sell cows to pay the bills, and when the budget can't be tightened any further they're calling it quits and selling farmland to developers.

The scariest part of their economic slump is that farmers have no power to reverse it.

The price farmers receive for their milk is set by the federal government and by milk processors. That system was created during the Great Depression to guarantee farmers a fair minimum price for their milk. Coincidentally, the program that lifted dairy farmers in bad economic times now suppresses them from making a reasonable profit.

"Farmers are the only major industry that doesn't have control over the price they get for their product," said Joe Walsh, acting executive director of Cornell Cooperative Extension in Sullivan County. "It's an extremely backward, extremely archaic system."

So backward, in fact, that small-town farmers are forced to pay for big-time milk marketing campaigns, such as "Got Milk?" and its signature mustaches. Farmers also pay for milk to be hauled to processing plants. On average, farmers are charged \$8 every time a tanker truck stops at their farms, and an additional \$1.06 per 100 pounds of milk it picks up. Advertising and hauling fees are deducted directly from farmers' milk checks.

"If you get something from Sears, you pay for the shipping," said Jack Diehl, a dairy farmer in the Town of Delaware. "We're the only type of business that pays to get rid of its product."

The uncertain economics make for an equally uncertain future. In 1965, New York was home to 39,000 dairy farms. Today, there are less than 6,000.

Here's why: An average dairy farmer works 16 hours a day for an hourly wage of about \$3.84. The state minimum wage is \$7.15.

The Sykeses and many others believe their generation of dairy farmers will be the last around here. The Sykes brothers have five kids between the two of them; not one is interested in farming.

"Why would they be?" Bob Sykes says. "In farming you make no money and have to work 24/7, 365 days a year."

Bob folds his arms, shakes his head and laughs a little. He takes the last milking machine off the last cow and plods out of the barn.

Adam Bosch is a reporter for the Times Herald-Record. Reach him at abosch@th-record.com.

Nonprofit group sells local milk

With so many economic forces working against them, local dairy farmers could surely use an advocate.

That was the idea behind Hudson Valley Fresh, a not-for-profit group founded in 2002 that markets and sells local milk, paying farmers extra money in exchange for higher quality.

The group was organized in Dutchess County by former state Assemblyman Patrick Manning and retired surgeon/dairy farmer Samuel Simon.

Hudson Valley Fresh buys as much milk from local farmers as it can sell in grocery stores. What's better is that the group guarantees farmers \$20 per 100 pounds of milk.

Hudson Valley Fresh pays the difference between the \$20 and the offering price from milk processors.

For example, farmers are currently receiving about \$17 per 100 pounds of milk. Hudson Valley Fresh buys the milk from processors, refines it at a dedicated plant and then pays farmers an extra \$3 per 100 pounds. The group also pays for hauling fees, and any end-of-the-year profits are split among its farmers, Manning said.

"Our guarantee is 36 hours from the cow to the store," Manning said.

In return for higher revenue, Manning said, farmers are required to produce higher-quality milk.

Federal regulations say milk cannot contain any more than 50,000 parts bacteria per milliliter. Hudson Valley Fresh requires less than 5,000 parts per milliliter, Manning said.

"It goes into its own trucks so that it doesn't mingle with any other milk," Manning said. "It has to be the cleanest milk available."

Farmers from Dutchess and Columbia counties belong to Hudson Valley Fresh. Manning said the group has been researching expansion into Orange County.

Hudson Valley Fresh milk is sold in a number of locations, all the way south to New York City, including area stores like the Hannaford Supermarkets in Kingston, Red Hook and Highland, and Adam's Fairacre Farms in Newburgh. It is marked by a round, green seal that bears the company name.

For more information, visit Hudson Valley Fresh on the Web at www.hudsonvalleyfresh.com.

Adam Bosch