



Stearns County
Dairy Retention and
Enhancement Program

Summary Report

May 1997

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Dairy Retention and Enhancement Program Stearns County, Minnesota

Summary Report

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Introduction

Stearns County community development, education, and agribusiness leaders, the Minnesota Extension Service, and dairy producers initiated a Dairy Retention and Enhancement Program in the Fall of 1996.

The purpose of the program is to 1) demonstrate to dairy producers that the people of the county want them to stay in business and prosper, 2) demonstrate to agribusinesses in the state that Stearns County dairy producers are interested in the dairy business and plan to stay competitive, 3) assist dairy producers in using local, state, and federal programs that can benefit them and increase their profitability, 4) develop long range plans that will help local dairies stay in business and grow.

Forty-eight volunteers visited 77 farms across the county to survey dairy producers about their plans, concerns, and information needs. Once completed, the surveys were sent to the University of Minnesota and entered into a database. A panel of University faculty, state agency personnel, and county representatives reviewed the results, identified key issues, and developed suggested actions for the Stearns County Dairy Retention and Enhancement Task Force to consider.

The Task Force met on April 15 to review the survey results and analysis and establish priority initiatives that will help it maintain and strengthen dairy operations throughout the county.

Leadership Team

Mike Wehlage, Melrose Credit Union
Bernie Quist, Farm Credit Services
Jerry Jennissen, Dairy Producer
Art Kerfeld, Dairy Producer
Bob Swanberg, Community Development
Jim Salfer, County Extension
Lee Gross, County Extension

State Review Panel

Jim Boerboom, Rural Finance Authority,
Department of Agriculture
Lee Gross, Minnesota Extension Service—
Stearns County
Al Gulbransen, First District, Litchfield
Jerry Hammond, Department of Applied
Economics, University of Minnesota
Paul Hanson, Department of Trade and
Economic Development
Gene Hugoson, Commissioner,
Department of Agriculture
Kevin Jani, Biosystems and Agricultural
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Jerry Jennissen, Stearns County Dairy Producer
William Lazarus, Department of Applied
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Patricia Love, Business Retention and
Expansion Strategies Program
Richard Levins, Agricultural Experiment
Station, University of Minnesota
Anders Lunnan, Visiting Professor from
Norway, University of Minnesota
James Salfer, Minnesota Extension
Service—Stearns County
Bob Swanberg, Community Development
Director, Stearns County
David Weinand, Minnesota Dairy Leaders
Round Table

Selection of the Farms Visited

The Dairy Retention and Enhancement Program's Task Force decided to visit farms with "operators who were most likely in a position to continue in the dairy industry if they so chose." To select these producers, the Task Force considered issues such as the financial condition of the dairy operation and the age of the producer. The Task Force also considered whether a producer would likely be willing to participate in the survey and follow-up efforts. The Task Force did not look at farm size, farm systems in place, or the producers' approach to farming.

Background on the Farms Visited

Seventy-seven dairy operations were visited as part of the survey process. These operations are generally larger and produce more milk per cow than the average dairy farm in the county. The farms covered by the survey had 7,166 cows in 1996, or 11 percent of the 63,500 dairy cows in the county.¹

Herd Size

The number of cows on the farms visited ranged from 40 to 360, for an average of 93. Since a few farms had relatively high numbers of cows, it is useful to look at the median number of cows per farm, which is 73. The median herd size of the farms visited grew by 30 percent between 1990 and 1996.

¹ *Minnesota Agricultural Statistics 1996*, St. Paul: Minnesota Agricultural Statistics Service. Issued cooperatively by the U.S. Department of Agriculture—National Agricultural Statistics Service and the Minnesota Department of Agriculture, page 80.

Dairy Herd Size, Stearns County and State of Minnesota

Herd Size	Stearns County*	Stearns County*	State**
	1995	1996	Total
Under 50	17%	14%	58%
50 to 99	62%	57%	34%
100 to 199	17%	21%	7%
200 +	4%	8%	1%

*Sample of dairy farms in the Stearns County Dairy Retention and Enhancement Program, 1997. ***Minnesota Agricultural Statistics 1996*, St. Paul: Minnesota Agricultural Statistics Service, page 75.

Milk Production

In 1995, the median level of milk produced per cow on the farms visited was 20,000 pounds, up 11 percent from 1990. Average production per cow was 19,679 in 1995, up 9 percent from 1990. This is considerably higher than the county average of 16,300 pounds per cow, and the state average of 15,800 pounds. Total annual milk production on the farms visited was on average 1,630,683 pounds, or 126 million pounds for the entire sample. In 1995, the 77 farms included in the program were responsible for roughly 12 percent of the milk produced in the county.²

Milk Production Per Cow by Farm Size

Herd Size	Above Average*	Below Average*
	Under 50	6%
50 to 99	35%	27%
100 to 199	9%	8%
200 +	3%	1%

Data from survey question 6b, Stearns County Dairy Retention and Enhancement Program, 1997. *1995 average milk production of the sample set of farms (19,679).

² *Minnesota Agricultural Statistics 1996*, page 90.

Strategy 1. Help Dairy Producers Stay in the Industry and Grow More Competitive

Overview

The producers surveyed and operators like them are going to be key to the continued strong presence of the dairy industry in Stearns County. These farmers have made significant investment in their operations, are optimistic about the future of dairy farming, and are highly likely to be producing milk for at least the next three years. As the number of dairy farms in the county declines (down by over 9 percent between 1993 and 1996³), these producers will become even more important.

Related Survey Results

Of the 92 percent of producers who plan to continue farming over the next three years, 41 percent are likely or very likely to expand their dairy herds and 93 percent are not at all likely to reduce their herds during that time. High percentages of farmers also reported they have needs for a variety of information related to the improvement of their operations.

In addition to serious labor concerns, which are addressed in Strategy 2, the producers cited several challenges they anticipate if they decide to expand. Almost one-third expect problems with feedlot regulations and developing a business plan, 45 percent are concerned about the risk of capital investments, and 40 percent see site planning and engineering as challenges.

The Task Force is committed to addressing producers' concerns and information needs, which are summarized in the following tables.

³ Minnesota Agricultural Statistics 1993, 1996, page 85 (1993), page 93 (1996).

Producers' Plans

Management or System Changes	Likely or Very Likely To Do This	Already Doing This
increase use of hired labor	54%	1%
expand your dairy herd	41%	14%
expand manure storage	23%	10%
change milking operation to a parlor	20%	25%
switch to total mixed ration feeding	20%	46%
change housing facilities to freestall	18%	25%
contract purchases of grain sources	18%	8%
change manure handling system	16%	11%

Data from survey question 14, Stearns County Dairy Retention and Enhancement Program, 1997.

Producers' Information Needs

Information Producers Need in 6 Months to 2 Years*	Share of Producers
housing system	68%
business planning	56%
milk marketing	52%
balancing work and family	49%
milking system	47%
forage feeding system	47%
labor management	47%
manure management system	45%
estate planning	45%
livestock, feedlot permits (MPCA)	43%
inventory and purchase of inputs	35%

Data from survey question 15, Stearns County Dairy Retention and Enhancement Program, 1997.

Challenges Producers Who Want To Expand Anticipate They Will Face

Challenges Producers Are Likely or Very Likely to Face	Share of Producers
difficulty recruiting labor	49%
difficulty retaining labor	45%
the risk of capital investments for expansion	45%
difficulty managing employees required for expansion	43%
site planning and engineering	40%
development of a business plan	32%
problems with feedlot regulations	32%
facility design	31%
problems with odor complaints	20%

Data from survey question 17, Stearns County Dairy Retention and Enhancement Program, 1997.

Project 1. Develop and Enhance the Use of Dairy Diagnostic Teams

Most dairies rely on several agriculture industry professionals to advise them on a variety of farm issues. These advisors, who often include bankers, feed dealers, extension educators, and veterinarians, may at times provide conflicting advice since they approach the farmer's operation from differing perspectives.

In several counties, groups of these advisors have joined together to work with dairy producers in a more holistic style. These "dairy diagnostic teams" help farm families develop integrated farm plans centered on the family's business and personal goals.

Dairy diagnostic or advisory teams could be particularly useful in helping Stearns County producers decide whether and how they could expand or make major improvements in their operations. Since numerous producers see a diverse set of issues (e.g., labor management, capital risk, site planning and engineering, housing systems, and business planning) as challenges to their expansion and topics on which they need information in the near future, multi-skilled advisory teams would be particularly useful.

Although Stearns County has a Dairy Advisory Team Program, the Task Force believes more could be done to promote and expand the program. To help accomplish this, the Task Force decided to 1) investigate opportunities for establishing a full-time coordinator position for Stearns County and 2) increase the number of producers and agribusiness representatives involved in the Dairy Advisory Team Program.

Task Force members, Chuck Offerdahl (ph. 251-2092), Jim Salfer (ph. 255-6169), Bernie Quist (ph. 257-8850), and Mike Wehlage (ph. 256-4269) agreed to work on the implementation of this project. For more information, please contact one of these Task Force members.

Project 2. Encourage the Development of Dairy Producer Support Teams

Producers around the state have formed dairy producer support teams. These local groups usually include 6 to 10 producers with similar perspectives and farming objectives (e.g., interested in expansion) who meet once or twice a month to discuss new techniques and ideas, address specific problems one or more members may be facing, offer support to members looking to make changes, and serve as sounding boards for members' ideas.

Building on the experience of Art Kerfeld, a Task Force member who is also a member of a producer support team, the Dairy Retention and Enhancement Task Force plans to explore ways to help foster the development of producer support teams, create awareness of existing support teams, and provide contacts and sample guidelines, operating procedures, and other information to producers interested in starting support teams.

Task Force members, Darren Thiesse (ph. 256-7461), Russ Keller (ph. 352-5221), and Art Kerfeld (ph. 836-2885) agreed to work on the implementation of this project. For more information, please contact one of these people or Lee Gross with the Minnesota Extension Service—Stearns County at 255-6169.

Strategy 2. Minimize Labor Shortage and Labor Management Problems

Overview

Labor shortages and labor management are some of the most pressing concerns facing the producers surveyed. Like many industries across the state, dairy is faced with a shortage of qualified workers who are willing to work for the wages offered. Meanwhile, dairy producers are concerned about recruiting and maintaining labor to help on the farm.

Related Survey Results

Labor issues were a major concern of producers in the survey. To begin, the dairy producers' operations require considerable labor hours—a median of 22 hours each day. Producers get very little time off as well—17 percent of producers reported they get no time off, and another 38 percent get less than one weekend per month. Only 21 percent of the producers are satisfied with the amount of time they have off, and 81 percent would like to hire someone to help do the work.

Although 54 percent of the producers said they are likely to increase their use of hired labor, 49 percent anticipate difficulty in recruiting labor, 45 percent are concerned about retaining labor, and 43 percent anticipate difficulty in managing employees. In addition, 47 percent of producers reported they will need information on labor management within the next two years, and 13 percent see labor management as one of their three most pressing concerns.

Labor-Related Survey Results

Labor-Related Survey Results

Median daily hours required to run farm	22.0
Median hours required per day to run dairy operation specifically	13.5
Producers working off-farm	4%
Family income from non-farm sources	7%
Producers with less than one weekend off per month	55%
Producers satisfied with time off	21%
Producers who are interested in hiring someone so they can have more time off	81%
Producers likely to increase use of hired labor	54%
Producers who want information and service in the area of labor management	47%
Producers who find labor management one of their three most pressing needs	13%
Producers who see difficulty in recruiting labor as a challenge to their expanding	49%
Producers who see difficulty in retaining labor as a challenge to their expanding	45%
Producers who see difficulty in managing labor as a challenge to their expanding	43%

Data are from several Stearns County Dairy Retention and Enhancement Program survey questions, 1997.

Since the three producers who were not sure whether they would be farming in three years all cited the demanding work load as an important reason affecting their decision to stop farming, the need to help farmers address labor concerns is particularly pressing.

Project 3. Enhance Dairy Labor Management and Dairy Skills Training

Since producers have a need for both workers to help in their operations and labor management skills to help them recruit and maintain workers, the Task Force decided to pursue a two-sided approach to addressing labor concerns.

To address the need for skilled workers, the Task Force decided to develop and promote training programs to give potential workers some basic, entry-level dairy skills. For example, one effort under consideration is the development of milker training programs. As part of the training programs, a database of potential workers would be maintained and shared with producers interested in hiring labor.

For managers, the Task Force will continue to support the labor management training programs offered through the Minnesota Extension Service—Stearns County and agribusiness organizations. The Task Force will also work to create specialized seminars that address specific concerns and address the varying levels of labor management skills and needs in the county.

Al Gulbransen of First District and Task Force members Jerry Frericks (ph. 352-6533), Brad Burkland (ph. 654-5033), Howard Pennertz (654-5925), and Lee Gross (ph. 255-6169) agreed to work on the implementation of these projects. For more information, please contact one of the Task Force members listed above.

Strategy 3. Enhance the Dairy Industry's Standing and Positive Profile in the County

Overview

The growing population in Stearns County, particularly rural non-farm residents, and the apparent lack of appreciation of the dairy industry's importance to the regional economy are potentially serious challenges to a strong future for the industry in the county. As the county's population grows, so will land-use conflicts and concerns about the environmental risks and problems associated with manure management and large-scale dairy operations. Dairy producers—regardless of their size and the way in which they run their operations—should consider working together to proactively address these concerns and secure a future for themselves in the county.

Related Survey Findings

Although the producers who participated in the dairy retention and enhancement survey have considerably larger operations than the average producer in the county and state, there was still evidence of the split that is often present between large and small producers. Most notably, 26 percent of producers viewed the trend toward larger dairy operations as a potential threat, while only 12 percent viewed the trend as an opportunity. In addition, 23 percent of producers described the attitudes of other milk producers toward local dairy farm businesses as negative or very negative.

In an area such as Stearns County where increased urbanization and land-use changes may limit dairy herd sizes, such divisiveness within the industry can be particularly destructive. Almost 80 percent of the producers already view the growth in rural non-farm homes as a potential threat to their business opportunities, and 64 percent see zoning changes as a potential threat. In addition, more than a quarter of the producers describe the attitude of rural non-farm residents toward local dairy farm businesses as negative or very negative, and more than a third described the views of city residents that way.

Dairy producers interested in expanding are also concerned about the challenges associated with a growing rural non-farm resident population—20 percent expect problems with odor complaints will likely represent a challenge to their expansion, and another 20 percent are uncertain. Almost one-third see feedlot regulations as a likely challenge to their expansion.

Attitudes Toward Local Dairy Farm Businesses

	Very Negative to Negative	Positive to Very Positive
farmers (milk producers)	23%	64%
main street businesses	13%	61%
farmers (not milk producers)	17%	49%
local government officials	18%	43%
rural non-farm residents	27%	22%
city residents	34%	10%

Data from survey question 26, Stearns County Dairy Retention and Enhancement Strategies Program, 1997.

In addition to addressing concerns voiced by the community, the dairy industry could help promote the importance of dairy to the county and highlight its strengths. The survey highlights several examples of the dairy industry's importance to the county. One, almost all dairy operations expand at their current locations (if they expand their operation, 97 percent of producers will do it at a site on their farm). Two, the majority of producers are in the dairy business because they value their families and land stewardship—values most communities seek in their businesses and residents. Three, the dairy producers tend to shop locally for their inputs and family goods and services (9 miles for farm inputs and 12 miles for family goods and services), which circulates considerable money through the regional economy.

Project 4. Publicize the Role of Dairy Farming in the County

Given the increasing non-farm population in the county and the apparent lack of appreciation of the value of dairy farming to the region's economy, the Task Force decided to initiate a special dairy promotion project. The purpose of the effort is to show the links between dairy and other industries, the number of people employed as a result of the dairy industry, and how reductions in milk production may threaten other industries. The project will also focus on raising the profile of dairy producers and the dairy industry.

Specific activities the Task Force is considering include: regular preparation and submission of editorials and articles to area newspapers on various aspects of dairy farming; dairy farm tours; and the dissemination of information generated by state-wide agencies and dairy marketing organizations.

Task Force members, Mike Foley (ph. 256-4224), Dave Braegelmann (ph. 845-4784), and Jim Hruby (ph. 251-8850) agreed to work on the implementation of this project. For more information contact one of these Task Force members or Lee Gross with the Minnesota Extension Service—Stearns County at 255-6169.

Project 5. Proactively Address Growing Concerns Related to Zoning

Given the growing rural non-farm population and producers' concerns about zoning (64 percent of producers see zoning changes as a potential threat to their business opportunities, and 62 percent see lack of county zoning as a threat), the Task Force decided to initiate a proactive project to ensure that zoning changes do not hurt producers and the dairy industry in the county.

As part of its zoning initiative, the Task Force will focus on uniform zoning standards throughout the county, the administration of county-wide zoning, and livestock facility location and size issues.

To accomplish these objectives, the Task Force's Zoning Initiative working group will need to expand its membership. If you are interested in working on this project or would like more information, please contact Task Force Members, Mark Kapsner (ph. 654-6770) or Bob Swanberg (ph. 656-3617). Or, call Lee Gross, Minnesota Extension Service—Stearns County at 255-6169.

Other Projects

The Task Force considered several other projects during its April 15 priority-setting meeting. Although the Task Force will not pursue these projects, it decided to list them here in case others would like to pursue them. Some elements of the projects may also be integrated into the Task Force's priority projects.

- Host a State-Wide Conference for All Dairy Producers
- Create a Dairy Labor Management Support Coalition
- Monitor, Support, and participate in the Minnesota Jobs Skills Partnership Training Program
- Provide Assistance to Young Entrants to Dairying
- Work with Appropriate Organizations to Initiate a Dairy Economic Development Strategy
- Promote a Community View of Grazing Dairies
- Conduct Dairy Farm Financing Programs Periodically
- Conduct Milk Marketing Workshops
- Conduct Farm Tours and Workshops to Introduce and Explain Various Farming Systems

For More Information

For more information on the Stearns County Dairy Retention and Enhancement Program, the projects included in this report, and the complete survey results, please contact Lee Gross or Jim Salfer at the Minnesota Extension Service—Stearns County office. Their number is (320)255-6169.

Report and Summary prepared by: Patricia Love, Business Retention and Expansion Strategies Program, University of Minnesota, and William Lazarus, Extension Economist, Department of Applied Economics, University of Minnesota.

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