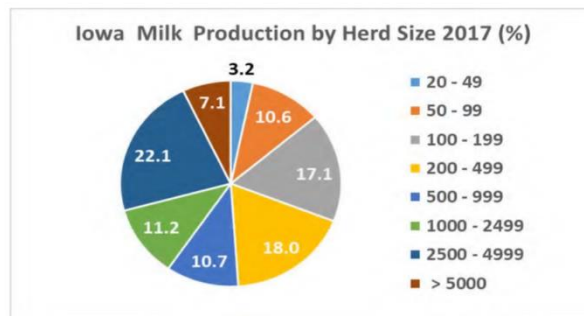


The new *Comprehensive Review of Iowa's Dairy Industry* released in December 2020 supports that the Iowa dairy industry continues to be a strong economic driver in Iowa and the Midwest. The projected national trends for dairy products show increases in profitability and forecasters expect that dairy revenue will continue to rise at 1.1 percent to \$39.9 billion during 2019-24. The report uses data from the most recent USDA ag census plus other USDA data to detail current analysis of Iowa's dairy industry, as well as national trends.



Source: USDA - NASS, 2019.

Note that 463 herds <19 cows not on chart represent .08% of milk sales

The economic impact realized by the state of Iowa from the dairy industry projects the following key metrics include: Total economic impact of Iowa's dairy industry is \$5.6 billion, supplying 15,587 jobs with a labor income of \$891 million. Annual economic impact of a single dairy cow is \$25,495 per cow. Iowa nationally ranks 12th in total milk production and 8th in milk production per cow. Iowa's milk production represents 2.45 percent of the total U.S. milk production.

Until recently, fluid milk consumption has declined steadily since 1975. Whole milk sales have increased in each of the last four years, whereas lower fat, skim, flavored milk and buttermilk sales decreased. However, per capita consumption of flavored milk and whole milk have increased. A strong positive trend in per capita consumption for dairy products (on milk equivalent/milkfat basis), has risen 19.8 percent, with the greatest increase in cheeses.

Growth in demand for cheese has been one of the most important forces shaping the U.S. dairy industry. Rising cheese consumption has been aided by ready availability of a wider variety of cheeses, more away from home eating, and greater popularity of ethnic cuisines that employ cheese as a major ingredient. Mozzarella has been the most popular variety in recent years, followed by cheddar. Consumption of most varieties has grown steadily for many years, as cheese has become a very significant part of the American diet.

Closing and consolidation of farms in the past five years has resulted in fewer farm operations but little reduction in the total number of dairy cows in the state and increased total milk production. The Agriculture Improvement Act of 2018 (known as the Farm Bill) authorized the new Dairy Margin Coverage (DMC) program, which is a voluntary risk management program for dairy producers. With this current strategy, risk management programs have changed focus to guarantee the dairy farms' profit margins instead of providing a support base for milk prices. DMC replaces the Margin Protection Program for Dairy (MPP-Dairy) from the 2014 Farm Bill. DMC continues to offer protection to dairy producers when the difference between the milk price and the average feed price falls below a certain dollar amount selected by the producer. Despite the risk management protections under the current Farm Bill, 80 Iowa dairy farms closed by late 2018.

Enhanced dairy producer funded, risk management tools and consolidation among farms are expected to continue in order to stabilize profit margins for individual dairy operations.

Iowa dairies are complemented by an equally diverse group of processors strategically located throughout the state to serve both in-state and out-of-state markets. This variety of processors also

strengthens Iowa's ability to deal with seasonal peaks and valleys in milk production. Twenty-two processors are located in Iowa with some manufacturing more than one product, including; 12 processors of fluid milk, two dry milk plants, 17 cheese processors, and seven ice cream processors. This diversified production, processing, and support system helps create stable and attractive regional price trends, and it provides opportunities for individual dairy farms to grow to meet changes in national and international demand.

The report highlights that livestock businesses all require three critical elements and they include water, feed and a feasible way to manage manure. Iowa has an advantage with all three of these aspects because of a diversified agriculture sector, supportive public policy, and vast natural resources.

Past the fact that Iowa is a major feed producer of corn, soy and distillers grains from the fuel ethanol industry, it also has favorable rainfall patterns that have historically supported the highest yields of many feed grains and oil seeds. The guidance applied by Iowa Regulatory agencies has been developed and strengthened with strong, continuous involvement from state commodity organizations and general farm organizations working collaboratively for the best outcomes.

In Iowa, the annual grain production requires replenishment of the fertility of the soil. Deep soils and high yields are a perfect solution for recovering value from manure. Studies demonstrate that Iowa has more than enough land and more than enough fertilization need to handle the growth in the livestock sector.

And finally, Iowa producers have infrastructure advantages that include labor and educational facilities, private and public veterinary services, genetic companies, major transportation corridors, plus strong policy influencing state dairy and agricultural associations.

For the complete details, the report can be found [here](#)