

Member connections beyond the farm gate

PDMP and CDE take steps to open doors: 'Legislators want to hear from you'

HARRISBURG, Pa.—Over the past year, the Professional Dairy Managers of Pennsylvania (PDMP) has made a concerted effort to stress the importance of sharing the dairy industry story from the perspective of those who know it best. At every level—whether it be with neighbors and communities, local officials, media, or government policy makers—people within the industry have understood the urgency and are making the effort to inform others and in many cases change misimpressions about dairying.

At the state level, PDMP Executive Director Alan Novak has been working closely with John Frey, Executive Director of the Center for Dairy Excellence, to make personal visits with legislators and share the dairy story during a period that has seen the industry face one of its most difficult challenges.

In one three-week period, these two men met with a long list of State Senators and Representatives and their key staff to update them on the current dairy economic situation, the roles of their respective organizations, and specific key dairy issues. More visits were scheduled for this week following the Pennsylvania legislature's return to session from their spring recess.

Meetings were held with an impressive list of Senators and Representatives, and the interest in agriculture among these legislators was high. Many specifically wanted to schedule visits on dairy farms to learn more about one of the state's leading industries, and most asked why they don't hear more from the farmers they represent. Novak and Frey were left with the clear impression that legislators are not just open to calls, letters, and other contacts from producers, they need and desire the information the industry has to share.

Among the legislators Frey and Novak visited, were men whose leadership roles place them in a position to have great impact on the future of the dairy industry.

The list of Senators includes: Majority Leader Dominic Pileggi, who represents parts of Chester and Delaware counties and serves on the State Planning Board, which develops recommendations for state policies and actions regarding conservation and land use issues; Sen. Mike Brubaker (representing parts of Lancaster and Chester counties), who serves as Majority

Chair of the Agriculture and Rural Affairs Committee; and Sen. Michael O'Pake (representing parts of Berks County), Committee Minority Chair and member of the Agricultural Land Preservation Board. In 2006, O'Pake received the Department of Agriculture's Investing in Our Future Award.

Other PA Senators who received personal visits were Senate Minority Leader Robert Mellow (representing Lackawanna County and parts of Luzerne and Monroe counties); Sen. Jake

Corman (representing Juniata and Perry counties and parts of Centre, Mifflin and Union counties); Sen. Lloyd Schmucker (representing part of Lancaster and York counties); and Sen. Jay Costa (representing part of Allegheny County).

From the House of Representatives side of the General Assembly, Novak and Frey met with Speaker of the House Keith McCall of Carbon County, as well as the leaders of the House Agriculture and Rural Affairs Committee: Rep. Mike Hanna (Centre and Clinton counties), who is Majority Chair and Rep. Sam Rohrer (Berks County), Minority Chair.

Additional visits were made with House Minority Leader Rep. Sam Smith (Armstrong, Indiana and Jefferson counties), Rep. Mario Civera (Delaware County), and Reps. Gordon Denlinger and Scott Boyd, both serving Lancaster County.

As a result of these meetings, visits to dairy farms have already been arranged. Both Frey and Novak stressed that follow-up at the local level will be the key to supporting the groundwork they have laid.

"These visits are just the first step in a process," said Novak. "Our visits may have opened a door, but it will be the contacts made by dairy farmers who are constituents of legislators that will have the greatest impact."

Frey agreed. "More than ever, legislators are interested in our industry. Legislators who have dairy in their district want to hear from producers in times of both good and bad prices," Frey said. "Arranging annual meetings of two or three producers in local offices to simply share concerns around key issues and provide updates on pricing and other farm issues is something legislators truly want. PDMP and the CDE, through the Government Relations Committee of the Dairy Task Force, have begun to formulate more comprehensive government relations plans and strategies and want to hear from dairy farmers who are interested in being an active part of this strategy throughout the year."

Both dairy leaders encourage anyone having questions about how to contact their local legislator to ask for support from either PDMP or the Center for Dairy Excellence. A five-minute phone call to a legislator's local district office can establish a relationship that makes a life-long impression and has an important impact on a future vote.

Producers discuss issues in local government workshop



HERSHEY, Pa.—PDMP members Sheldon Brymesser of Brymesser Farms, Boiling Springs, Cumberland County (center) and Don Risser of MeadowVista Farms, Bainbridge, Lancaster County (right)—along with Scott Kreider of S & A Kreider & Son, Quarryville, Lancaster County (left)—were panelists in a workshop organized by the Center for Dairy Excellence (CDE) at the Pennsylvania State Association of Township Supervisors' 87th Annual Educational Conference and Trade Show last week in Hershey.

The April 20 workshop was initiated and led by CDE Executive Director John Frey and included a presentation by Frey on dairy growth strategies for Pennsylvania.

In March, PDMP sent out questionnaires encouraging members to consider participating in efforts to foster grassroots connections on a local level. The aim is to build a database of interested producers for opportunities like this.

A story about this workshop with local decision makers appears on page 16 of this week's Farmshine.

Lenders captivated as Harpster offers view of dairy situation



PDMP member Abe Harpster (right) of Evergreen Farms, Spruce Creek, PA answers questions from lenders during his discussion as part of an industry panel during the 43rd PA Ag Bankers Conference in State College last week. Other panelists were (l-r) John Frey, Center for Dairy Excellence; Katie Rossini, Dairylea; and Gary Quell, Growmark FS.

By SHERRY BUNTING
Special for Farmshine

STATE COLLEGE, Pa.—Cost of production is a frequent topic at dairy meetings these days. For PDMP member Abe Harpster, it is a topic that has been put under the microscope for the past three years at his family's Evergreen Farms, Spruce Creek, Huntingdon County—the state's largest dairy farm.

Harpster shared the dairy's experiences with about 50 agriculture lenders at the conclusion of the 43rd annual Pennsylvania Ag Bankers Conference April 22 in State College. As part of a panel on "the remaking and reshaping of agriculture and agribusiness," his sobering message had lenders sitting on the edge of their seats and asking many questions.

He described how his family's 2500-cow dairy had booked a portion of their milk production in forward contracts—two years out—for 2007 and 2008. The contracts were made at historic highs, but then milk prices did what they had not imagined... they hit new historic highs.

"The problem was that we had not covered the feed side with any type of forward contract," said Harpster, explaining that as the run-up on feed prices ensued, the milk price advanced with it, but they were unprotected on the feed side and also missed out on some significant milk price advances. So, their dairy was "already put in a predicament a couple years ago" during what appeared to be "the good times."

He described the snowball effect as high feed prices were coupled with lost production as they took the herd off rbST in 2008 to keep their southern milk market and its premium.

Harpster also described the turnaround underway. "A lot of what we were doing, back then, applies to what people are doing today," he said. And it was obvious from his remarks that the situation has been difficult and involved considerable sacrifice by Abe and his brothers. At one point, the dairy even submitted a bid to the CWT program, thinking they could liquidate the

herd and start over again. But their bid was not accepted.

Their process of turnaround began by working with Gary Snider of Farm Credit, using their Profit Analyzer to compare the Evergreen Farms operation with dairy benchmarks.

"I had thought we were doing a pretty good job, but the numbers showed we weren't," said Harpster. "I didn't believe the New York numbers, that dairies could produce milk at \$5 to \$6 per hundredweight less than we were. But then we figured that if they were doing it, we needed to figure out how to do it."

The dairy has come through this process having trimmed feed costs; doubled the conception rate; reduced the days in milk, days open and calving interval; achieved milk quality bonuses they weren't getting before; and reduced the rate of clinical mastitis to one-third of what it was before.

Harpster reported the sum-total of these efforts has trimmed \$3 to \$4 per hundredweight from their cost of production, and he gave examples of how some of those dollars came from surprising places. For example, the Profit Analyzer revealed their bedding expenses were below benchmark, so they started using more bedding. "This is one area where we spent more money instead of cutting," said Harpster. "And it has really paid off."

They rebuilt their whole management system and brought in a retired feed company executive to help them manage the hidden costs of feeding cows. They started feeding more forage in the ration, using more bedding in the stalls, and they stopped putting the cows "under a microscope."

"We were loving them to death," he said, explaining how they cut back on the level of sorting and treatment. "We stopped intensively managing the cows, and more or less got out of the barns to let the cows take care of themselves."

They cut costs throughout the operation, and they had to cut relationships with a lot of people they had done business with for years. As Harpster conveyed this information, the heartfelt difficulty of taking these actions was evident.

On the feed side: They constructed an on-farm feed mill to keep grain inventory on hand as a way to "hedge" the feed market and control shrink. They built a new dry cow barn and weaning barn to improve the situation for dry cows and youngstock.

"It was a busy year," he said about 2008. "We shook things up, and we're now starting to see the results of those changes."

On the labor side: Freezing payroll and restricting time off were things the dairy did a year ago already. But with the other changes and revamping of the management system, they have found that, "Our people really started thriving, and we were getting more done with less people," he said.

The dairy is "holding its own" in today's dismal milk market," said Harpster. "This is the worst (milk margin) I have seen in at least 20 years. It is pretty bad out there. In California, people tell me there is a two-week backlog to cull your cows and you need an appointment" to do so.

Harpster urged lenders to realize that, "We're a business, and you have to look at each individual farm situation. The checks and balances in lending over the past couple months should be the same when we're in good times."

He identified some keys for the future as: continuing to diversify, keeping more cash on hand (a bigger 'war chest' than in years past), trying to farm as much ground as possible and use as much of the dairy's own feed as possible, taking advantage of opportunities to control costs, growing the core business and continuing to find ways to integrate.

The areas where they will spend money are labor efficiencies and cow comfort. "We got sloppy," said Harpster about the past. "But now we have done a lot of things to strengthen our position to expand and grow. We have learned to do more with less. We have more and better communication now and a good group of people. We're looking forward to when prices turn around because we feel we're positioned now to do pretty well."