

## **The Economic Competitiveness Of Dairy Systems Across The U. S. A.**

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The Great Lakes Grazing Network (GLGN) Grazing Dairy Farms Financial Summary project initially sponsored by USDA IFAFS grant project #00-52501-9708, revealed relatively consistent differences in financial performance between Great Lakes states and between dairy systems, and demonstrated that the official USDA cost of production estimates were far different from the cost of production calculated from actual farm financial data from the same states. Multiple years of actual farm financial data was collected from many states in the U.S. and put into a similar format to compare the cost of production between states and dairy systems. The primary measure used here to compare financial performance of these dairy systems from several states is net farm income from operations (NFIFO) per dollar of income or as a percent of income based on accrual adjusted income and expenses.

### **Selected Results:**

1. The economies of scale (lowest cost of production per unit) occur at a much smaller size than people expect (somewhere less than 100 cows per farm).
2. There are large consistent differences in NFIFO/\$ revenue between many states and systems.
3. Graziers typically attain more NFIFO/\$ revenue than other dairy systems in their states.
4. Small dairy systems typically attain more NFIFO/\$ revenue than large dairy systems in the same state.
5. The largest farms tend to generate more dollars of total NFIFO per farm and per owner compared to the smallest farms.