



U.S. Dairy Herd Structure

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Large Operations Increase Share of Milk Production

The makeup of the U.S. dairy herd by size of operation and location has changed significantly over the past five years. A brief summary of the changes in herd structure is outlined below. This information is being provided to the dairy industry and data users by the National Agricultural Statistics Service as an aid in understanding the structural changes that have occurred.

The overall number of milk cow operations continues to decline in the United States. There were 123,700 milk cow operations in the U.S. in 1997 compared to 97,560 in 2001, a decline of 21 percent. During this same period, milk cow inventory declined from 9.25 million head in 1997 to 9.12 million head in 2001. Despite the decrease in milk cow operations and inventory, milk production increased 6 percent, from 156,091 million pounds in 1997 to 165,336 million pounds in 2001, as large operations increased their share of production.

Operations with more than 500 head accounted for 39 percent of all milk produced in 2001, up from 29 percent in 1997 (the first year of data for operations with more than 500 head). Conversely, operations with less than 500 head accounted for 61 percent of total production in 2001 compared to 71 percent in 1997 (Chart 1).

In 2001, operations with more than 500 head accounted for 35 percent of total milk cow inventory compared with only 24 percent in 1997. Operations with less than 500 head accounted for 65 percent of inventory in 2001, down from 76 percent in 1997 (Chart 2). During this same period, the number of operations with more than 500 head has grown from 2,336 in 1997 to 2,795 in 2001, an increase of 20 percent (Chart 3). The number of operations with less than 500 head decreased from 121,364 to 94,765, a decrease of 22 percent (Chart 4).

The annual average rate of milk production per cow for operations with more than 500 head increased slightly from 20,328 pounds in 1997 to 20,446 pounds in 2001. Milk per cow for operations with less than 500 head increased 7 percent, from 15,755 pounds in 1997 to 16,919 in 2001 (Chart 5). Production per cow on operations with less than 500 head continues to increase as small, less efficient operations exit the industry. However, total production in this size group has declined 8 percent during this period as milk cow inventory decreased 15 percent. Meanwhile, despite the relatively modest gain in production per cow on 500 plus head operations, total production increased significantly due to the increase in milk cow inventory.

Geographically, milk production continues to migrate to the western States, primarily from the southeastern and midwestern States. Comparing pounds of milk produced in 2001 to 1997, States showing the largest increases were California, Idaho and New Mexico (Figure 1). The only western

State that did not show an increase was Wyoming. The largest declines occurred in Texas, Missouri and Minnesota.

The shift in production is mainly attributed to a shift in milk cow inventory. For example, California's milk production totaled 33,251 million pounds in 2001, up 21 percent from 1997. The number of milk cows increased 14 percent, while the average rate per cow increased only 5 percent during the same period. The States showing the largest increase in milk cow inventory between 1997 and 2001 were California, Idaho and New Mexico while the largest inventory losses were recorded in Wisconsin, Minnesota, Texas and Missouri (Figure 2). Western States that did not show an inventory increase were Montana, Nevada, Washington and Wyoming. Indiana, Kansas and Nebraska were the only non western States to show an increase in milk cows from 1997.

In conclusion, the number of small operations continues to decline while the larger, more efficient operations continue to increase their share of milk cow inventory and milk production. Even though operations with more than 500 head accounted for only 3 percent of the milk cow operations during 2001, they accounted for nearly 40 percent of total U.S. production. This is up from 1997 when the 500 plus head operations accounted for 2 percent of the operations and only 29 percent of total production. Furthermore, milk cow inventory and milk production are shifting to the western half of the United States. Specifically, in the last five years there has been substantial increases in both total milk production and milk cow inventories in California, Idaho and New Mexico.

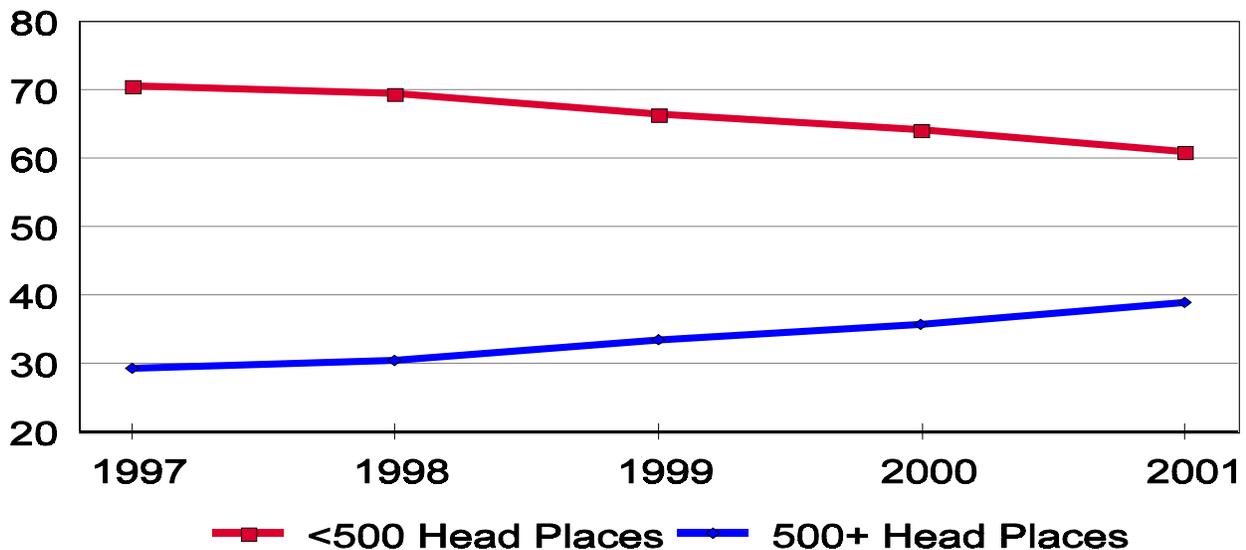
Note

This special release is only available on the NASS website at <http://www.usda.gov/nass/>.

Chart 1

U.S. Annual Milk Production Distribution

Percent

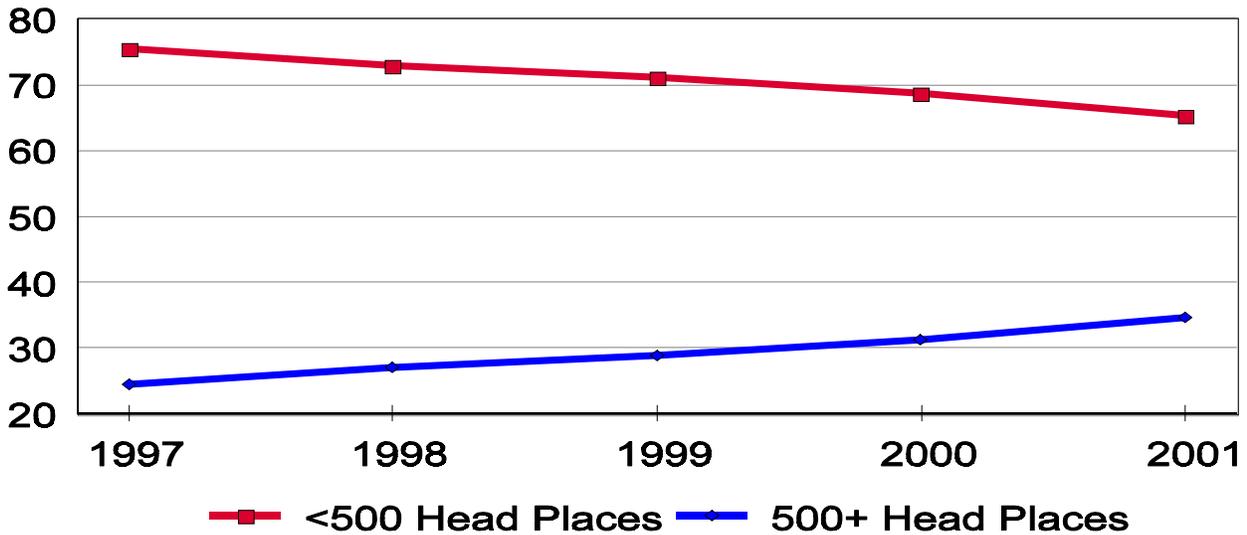


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Chart 2

U.S. Milk Cow Inventory Distribution

Percent

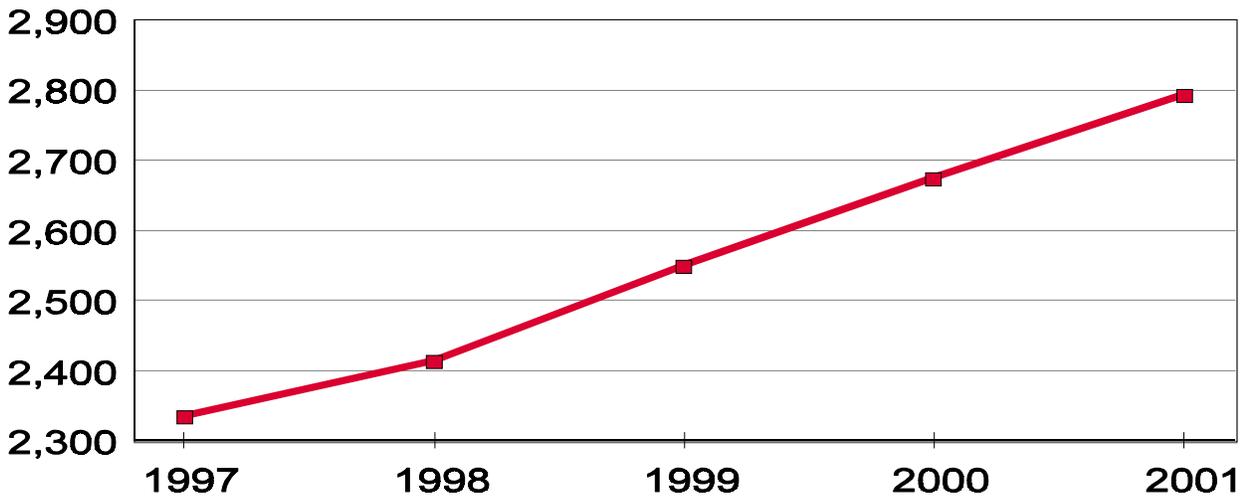


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Chart 3

U.S. Dairy Operations 500+ Head

Operations



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Chart 4

U.S. Dairy Operations <500 Head

(000) Operations

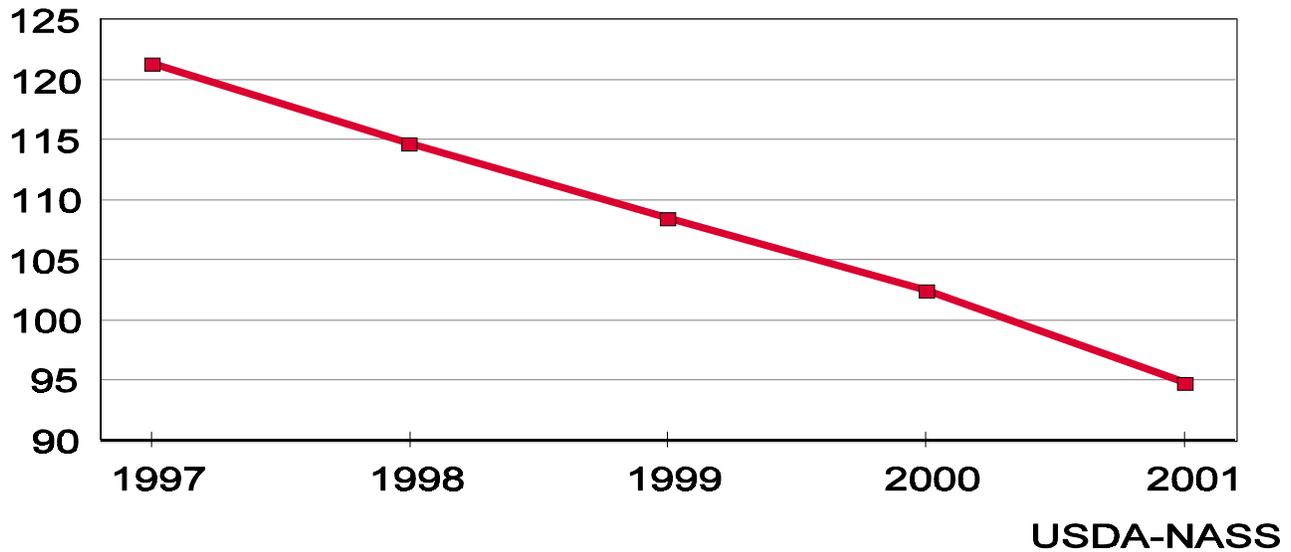


Chart 5

U.S. Annual Milk Production Per Cow

(000) Pounds

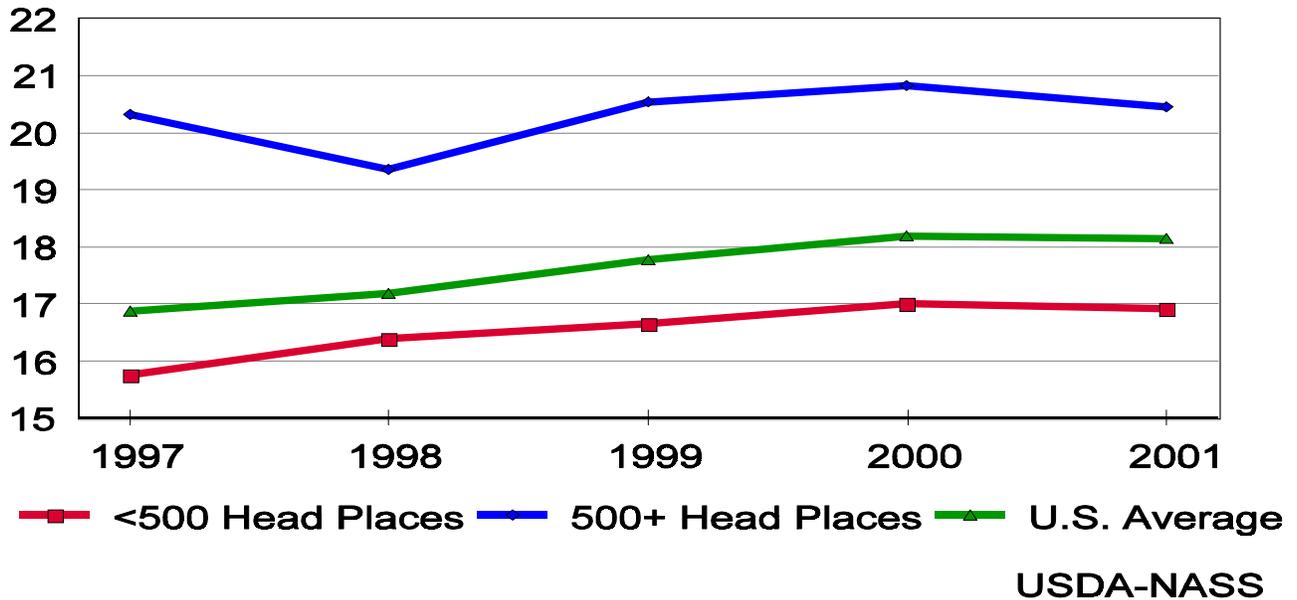


Figure 1

2001 Milk Production (Mil. Lbs.) & Change from 1997

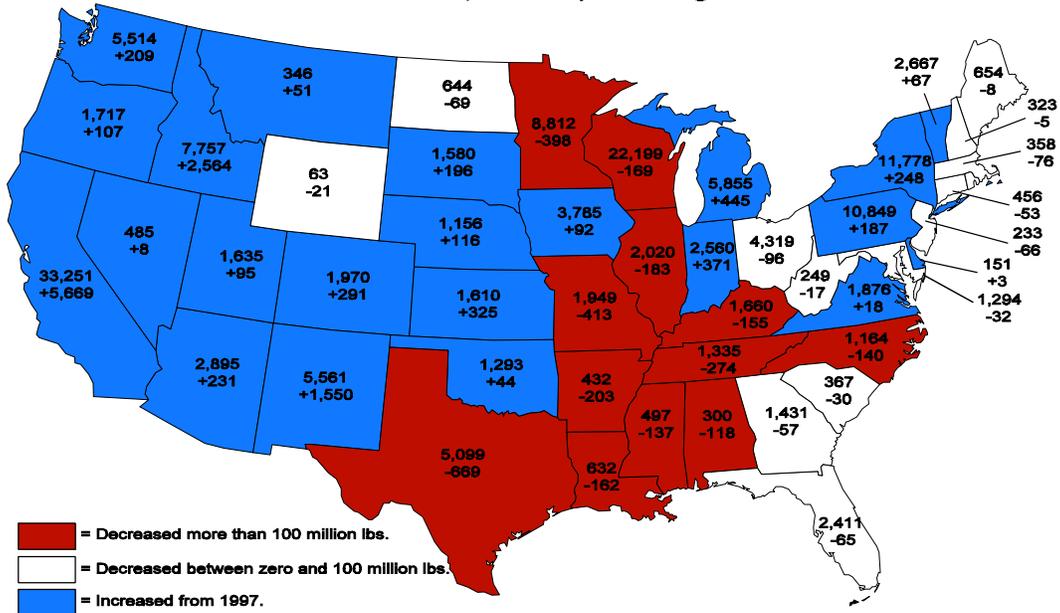
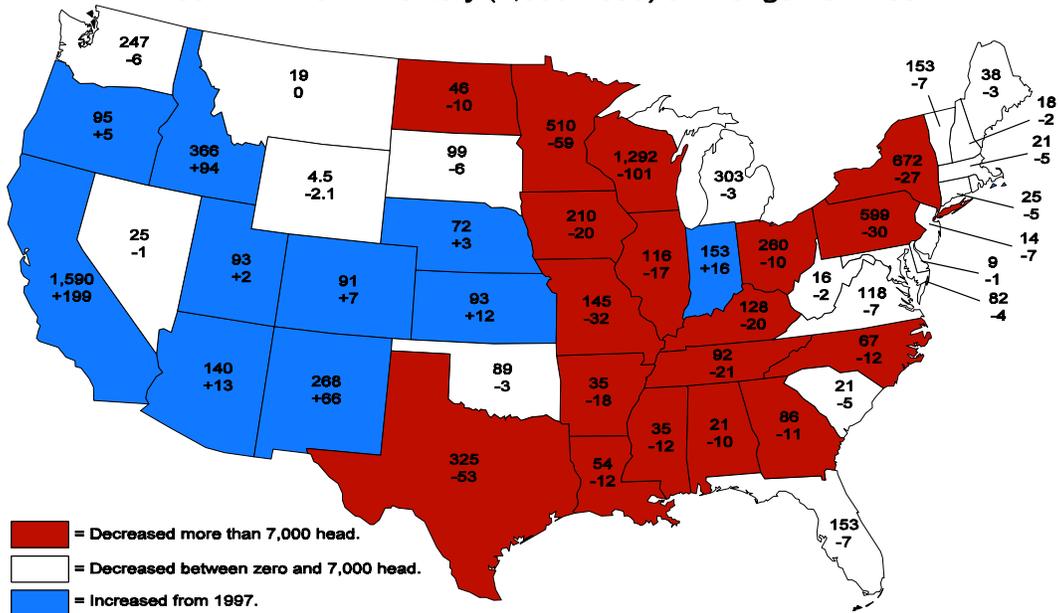


Figure 2

2001 Milk Cow Inventory (1,000 Head) & Change from 1997



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**USDA Data Users' Forum
October 21, 2002
Holiday Inn Mart Plaza
Chicago, Illinois**

The USDA's National Agricultural Statistics Service will hold a public forum for open exchange between Federal agricultural statistics agencies and data users on October 21, 2002. Agency representatives will provide updates on pending changes in the various statistical and information programs and will seek comments from data users. The USDA's Agricultural Marketing Service, Economic Research Service, Foreign Agricultural Service, and World Agricultural Outlook Board, as well as the U.S. Census Bureau's Foreign Trade Division, will also participate in the forum.

For registration details or additional information about the Data Users' Forum, see the NASS homepage at www.usda.gov/nass/ or contact Karlyn McCutcheon of NASS at (202) 690-8141 or at karlyn_mccutcheon@nass.usda.gov.

This Data Users' Forum precedes an Industry Outlook Meeting that will be held at the same location on October 22, 2002. The outlook meeting brings together analysts from various commodity sectors to discuss the outlook situation. For more information about the outlook meeting and to register for it, contact Terry Francl of the American Farm Bureau Federation at (847) 685-8769 or at terry@fb.org.