

## Dipping into Dairy Economic Impact

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Each summer, June is celebrated as National Dairy Month (formerly National Milk Month) in the United States. The latest [Census of Agriculture](#) indicates that nearly 55,000 farms across the country are home to 9.5 million milk cows; [USDA NASS](#) records show nearly 28,000 licensed dairy herds in February 2023. According to [USDA NASS Milk Production report](#), there were more than 24,000 pounds of milk produced per cow in 2022.

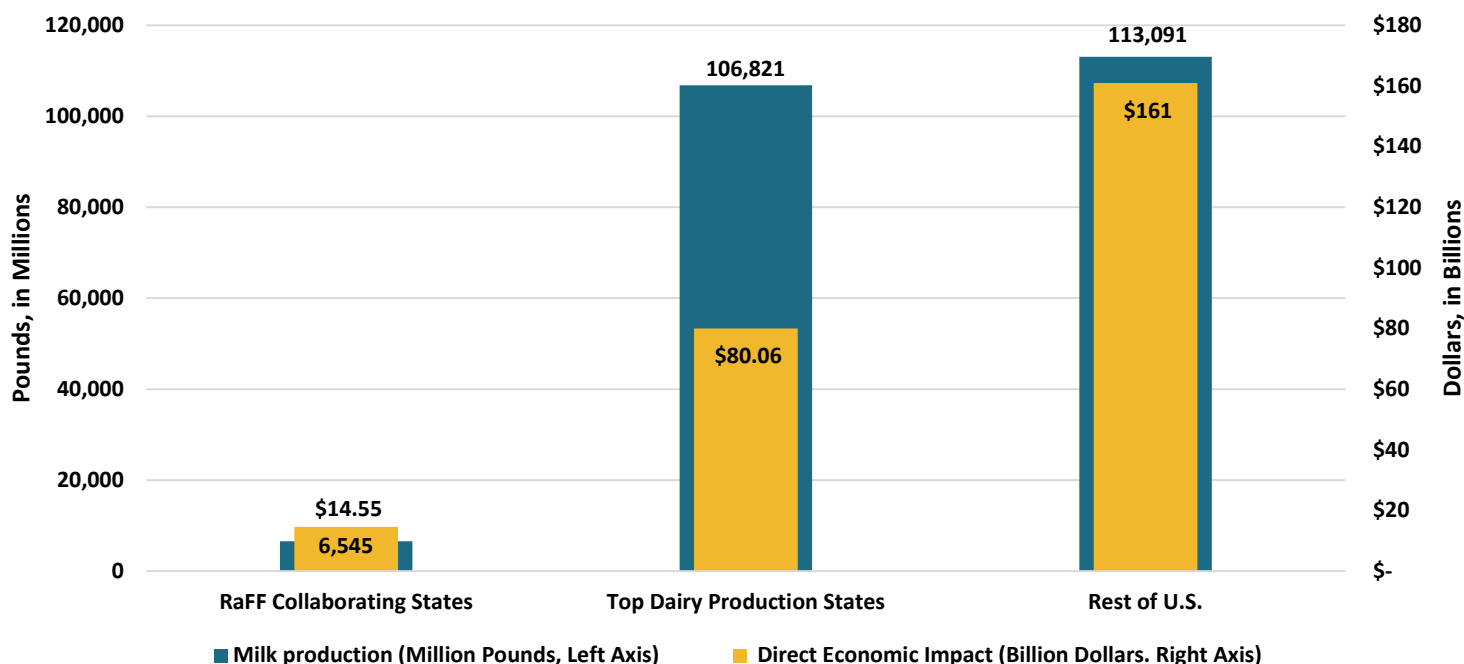
Milk production exceeded 226 billion pounds in 2022, according to the USDA [May WASDE report](#). A comparison between first-quarter 2023 and 2022 exports finds that dairy product exports are up 6.5%, according to the May ERS [Livestock, Dairy, and Poultry Outlook](#). U.S. milk exports alone exceeded 52 billion pounds (on a skim-solid basis use) in 2022; in 2021, [dairy exports exceeded \\$7 billion](#) and top export markets included Mexico, Canada and China.

Our dip into dairy will examine the financial and economic impact of dairy production and key differences within RaFF's collaborating states, based on the spring 2023 farm income outlooks.

### Economic impact of the dairy industry

At the national level, the dairy industry packs a punch. The latest [data from the International Dairy Foods Association](#) (IDFA) indicates that the United States dairy industry directly adds upwards of 1 million jobs and \$255 billion in economic impact. IDFA also analyzes economic impact at the state level. RaFF's collaborating states (Arkansas, Missouri and Nebraska) have dairy industries that contribute a cumulative \$14 billion in direct economic impact; these figures can be contrasted to the top four dairy production states in 2022 (California, Wisconsin, Texas and Idaho), as indicated by the [February 2023 USDA NASS Milk Production Report](#). These four states account for nearly 30% of the country's licensed dairy herds in 2023 and provide \$80 billion in direct economic impact. Figure 1 provides a comparison between RaFF's collaborating states, top dairy production states and the rest of the U.S. in terms of milk production, licensed dairy herds and direct economic impact.

**Figure 1. Share of Milk Production and Economic Impact Among States, 2022**



Source: Rural and Farm Finance Policy Analysis Center graphic using data from February 2023 USDA NASS Milk Production Report and 2023 IDFA Dairy Delivers.

## Key stories from RaFF farm income outlooks

In RaFF's collaborating states, dairy production generally makes up a smaller portion of farm income compared to other livestock production. The spring 2023 farm income outlooks for Missouri, Nebraska and Arkansas highlight changes in inventory and dairy receipts.

In Missouri, dairy cow inventory is projected to decrease in 2023 and 2024; the Show-Me State has seen a gradually decrease in dairy herds and production value since the 1990s, largely due to herd liquidations. Dairy receipts are projected to decline from a five-year high of \$240 million in 2022 to \$195 million in 2023, which accounts for 3.41% of all livestock receipts and 1.39% of all farm receipts in the state.

Nebraska – largely known as a beef production state – sees a similar decline in dairy cow inventory, though less significant going into 2023 and 2024; milk cows are projected to drop from 57,000 to 56,000 in 2023 and remain stable into 2024. Interestingly, milk production is projected to decline slightly in 2023 and swing upward minutely in 2024. Dairy receipts are projected to decrease \$49 million in 2023 and account for 1.90% of Nebraska livestock receipts and 0.97% of farm receipts.

Arkansas follows in declining dairy cow inventory projections with a 1,000 head reduction. Subsequently, milk production is projected to drop 4 million pounds in 2023 and another 4 million in 2024. Dairy receipts are estimated to decline \$2 million in 2023; the state's roughly \$9 million in receipts account for 0.13% of all livestock receipts and 0.07% of farm receipts in Arkansas; poultry and eggs account for a lion's share of livestock receipts and half of all farm receipts in the state.

When compared to May's beef brief, dairy production in RaFF collaborating states is noticeably smaller. This is due in part to production and policy changes; despite smaller inventories and receipt values, dairy makes an impact in each state's farm income. Stay tuned for the fall 2023 farm income outlooks in September and October of this year.

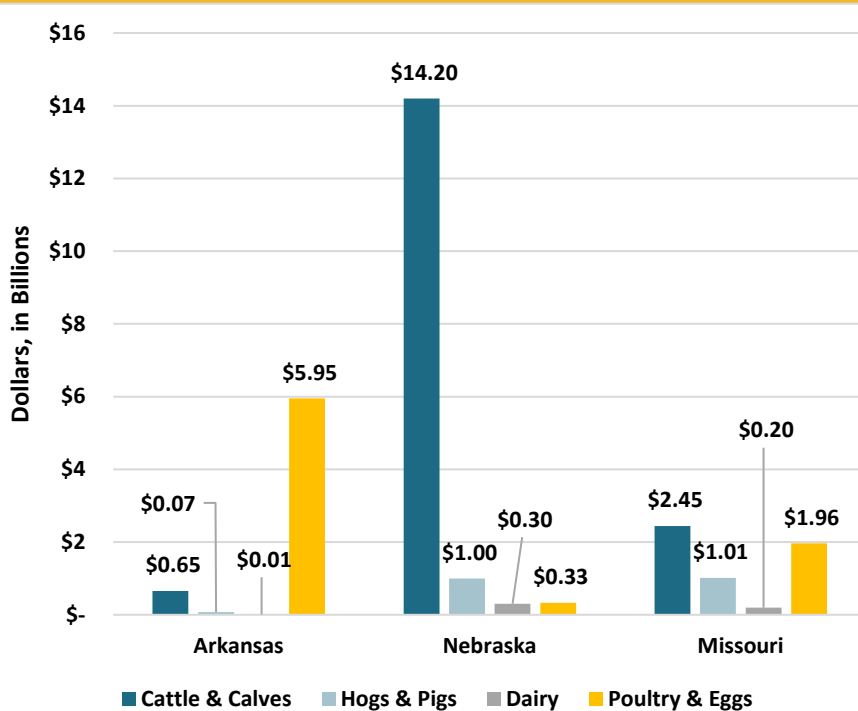
All Riffs from RaFF are available at [raff.missouri.edu/publications](http://raff.missouri.edu/publications)

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## Key Takeaways

- ▶ The United States dairy industry is a critical component of the larger agriculture industry, but is not without its unique challenges.
- ▶ Figure 2 highlights the differences between states' livestock receipts by species in 2023; current collaborator states see higher cattle, poultry and swine receipts.

**Figure 2. Livestock Receipts Across RaFF Collaborating States by Species, 2023**



Source: Rural and Farm Finance Policy Analysis Center graphic using data from the spring 2023 farm income outlooks for Missouri, Nebraska and Arkansas.

