

Calif. dairies shut as milk prices stay below production costs

By Anne Gonzales, Sacramento Bee

Case Van Steyn, a Galt dairyman, has two sons. One works with him on the dairy farm started by his father in 1956, while the other found a job off the farm. These days, Van Steyn wonders if he should even keep one son working with him.

“I’m not sure I should counsel him to stay on the farm,” he said. “This has been a very, very volatile marketplace, it’s very unpredictable and we’re facing serious challenges. It’s kind of like we’re waiting to see the last man standing. If enough dairies go broke, prices will come up high enough to cover our costs of production.”

Milk is touted as a healthy food that promotes strong bones, but the California dairy industry itself has been weakened by the recession, ethanol subsidies and high feed prices. Like a calf with wobbly legs, dairy farming is struggling to rise above tough times with lean profit margins.

In three years, the state lost 250 independent dairies, many of them family-operated for generations.

The winter may bring more hardship to dairy operators, as they buy up feed to nurture their herds, and heat and drought in the south could dry up crops and drive up feed prices.

The price farmers are paid for their milk is up from last year, but production costs have escalated, too, negating some of the gains, Van Steyn said.

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