

Economic Factors from a 700-cow Dairy to the Local Community, County and State

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Economic Impact of the 700-cow Dairy Construction

Overall construction cost will be \$2,483,000. These costs represent investments in construction of a milking parlor, freestall barn, holding area, bunker silo, manure storage and water supply. Additionally, at least \$250,000 worth of machinery will be purchased for the dairy operation. A significant portion of these dollars will be spent locally for contractors, specialized labor, building supplies for constructing the dairy and for purchasing equipment.

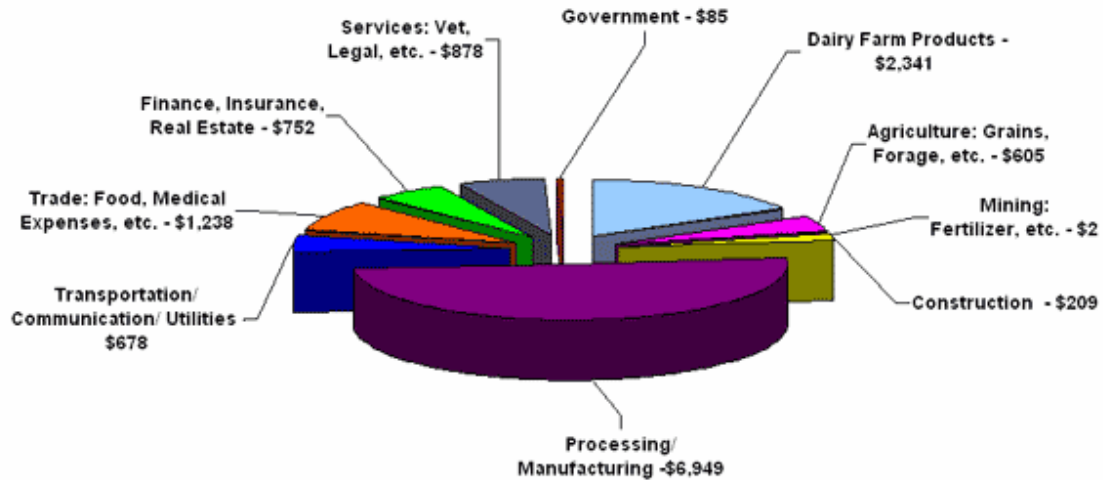
Farm Level Annual Economic Impact of the 700-cow Dairy Operation

- The dairy will generate at least \$2.4 million in gross revenue per year for over the next 20 or more years
- An estimated six million dollars in economic activity will be generated annually in the state due to the multiplier effect of the annual expenditures of the dairy. Most of that economic activity will be generated in the surrounding rural area. For every dollar spent by the dairy, approximately \$2.50 in business purchases and wages are created in the state's economy.
- The dairy will generate \$10,000 per year in real estate and property taxes.
- The dairy will spend \$10,000 per year in insurance fees
- The dairy will spend \$60,000 per year in utilities, fuel and oil
- The dairy will provide direct employment to 11 full-time positions such as a dairy manager, herdsman, milkers, feeders and others. Total labor expenses including benefits for the dairy operation will be \$260,000.
- Indirect jobs in the community supported by dairy operation include: equipment repair and maintenance, insurance, banking, custom manure hauling, dairy supplies, and veterinary services.
- The dairy will provide local crop producers with a new market for their crops; total crop acreage needed for the dairy will be 1,466 acres. Corn silage, alfalfa silage, alfalfa hay, grass hay and corn will be needed to supply feed to the dairy.
- Nutrient management from the dairy will help local landowners save \$32 - \$56 per acre in reduced fertility costs by the use of dairy manure. A minimum of 1,626 acres will be needed for accepting manure

State Level Annual Economic Impact of the 700-cow Dairy Operation¹

When the economic impact of dairy processing and manufacturing and all the multiplier effects of those industries are considered along with the farm level, the total annual economic impact on the state of Missouri is more than \$9.6 million, or \$13,737 per cow, according to a University of Wisconsin study.

The Economic Output Ripple of One Cow = \$13,737



¹ Conlin, J. 2003. Dairy cows are rural economic development engines. Dairy Initiatives Newsletter 12:1 Department of Animal Science, University of Minnesota
http://www.ansci.umn.edu/dairy/dinews/12-1-economic_engines.htm

Wisconsin Center for Dairy Profitability. 2002. Rethinking dairyland: background for decisions about Wisconsin's dairy industry. Paper 78A, College of Agricultural and Life Sciences, University of Wisconsin-Madison.