

Dairy

2025 NEW HAMPSHIRE FOOD AND AGRICULTURE STRATEGIC PLAN

Purpose: To understand the challenges and opportunities that impact the economic viability of dairy production in New Hampshire, including fluid milk, value-added dairy products, and organic dairy considerations.

What’s at Stake?

The New Hampshire dairy industry is a major agricultural enterprise part of both statewide and regional food systems, accounting for \$63 million in business, making it the second largest sector of the agriculture industry in New Hampshire. Despite this, New Hampshire’s dairy farmers are challenged by volatile fluid milk prices and reduced industry support, including limited access to veterinarians, equipment dealers, mechanics, and nutritionists. In addition to dairy production, New Hampshire dairy farmers also contribute to other agricultural industries, including livestock and hay production.

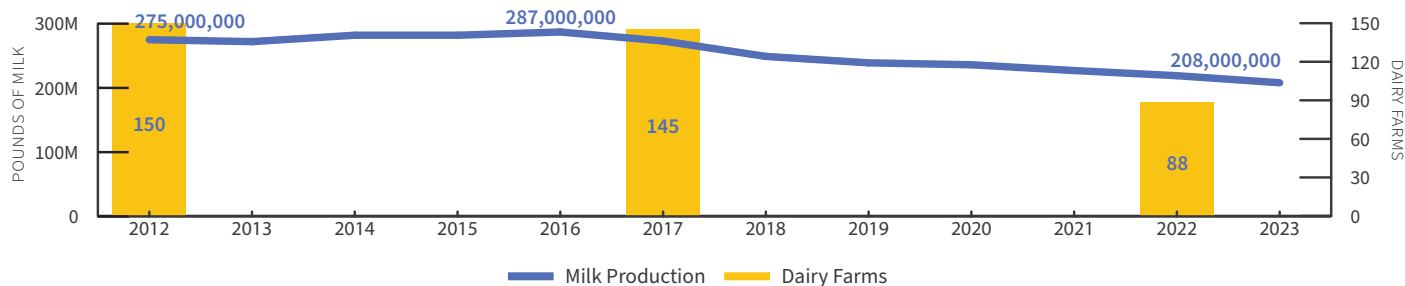
Current Conditions: Fluid Dairy

The number of dairy farms in New Hampshire is rapidly decreasing due to a variety of challenging factors, including prolonged production time and high production costs. Farmers regularly navigate fluctuating fluid milk prices, with the method of calculating milk price expected to change with the next Farm Bill. Legislative action has attempted to improve milk prices for New Hampshire dairy farmers but has been unsuccessful. Milk cooperatives have initiated milk quotas, making it challenging for new farmers to enter the commercial market and for current farms to expand.

The highest expenses for dairy farms are feed, labor, and replacement heifers. Most dairy farms grow their own forages, but rely on feed companies for the rest. The volatility of the grain market has led to an increase in grain production on dairy farms.

There are approximately 75 licensed dairy farms in New Hampshire, each with an average of 157 milking animals per farm. Of those 75 farms, 62 are solely shipping milk to five commercial milk cooperatives. There are two organizations dedicated to promoting New Hampshire and New England dairy products that offer ample opportunity to support this critical industry— Granite State Dairy Promotion and New England Dairy.

NEW HAMPSHIRE MILK PRODUCTION AND NUMBER OF DAIRY FARMS, 2012-2023



SOURCE: USDA National Agricultural Statistics Service, multiple years, *New England Agricultural Statistics Annual Bulletin* and USDA Census of Agriculture, multiple years, *Table 75: Summary by North American Industry Classification System*. Note: Census of Agriculture data is available every 5 years, while milk production data is available annually.

Challenges and Opportunities: Fluid Dairy

CHALLENGES

- The price fluctuation of feed, which is set globally and impacted by factors outside of the dairy industry.
- There is limited access to and options for dairy technical service providers, in addition to concerns service providers will retire without replacement, further limiting available providers.
- New Hampshire dairy farmers do not have a producer advocacy group. The number of dairy farmers limits the lobbying power and the experts who know what dairy farmers need are often within state agencies and unable to advocate for policy change.
- The increasing demand for local organic dairy is in tension with the challenges inherent of an organic dairy operation. New Hampshire no longer runs its organic certification program and farms must rely on a third party to maintain certification. Organic milk prices do not always cover the higher cost of organic grain and grazing requirements are difficult to meet due to the lack of contiguous land in New Hampshire.
- There are significant labor shortages.
- There is a limited ability for expansion due to the quotas initiated by milk cooperatives.

OPPORTUNITIES

- The increasing availability of precision technologies allows farms to optimize production, improve animal health monitoring, and reduce labor.
- Grant funding and cost-share opportunities are available to modernize specialty equipment and to start or expand value-added processing capabilities.
- Dairy farms have the infrastructure to diversify into adjacent markets, like raising other livestock.
- Alternative models for managing fluid milk price fluctuations are emerging.
- Low input grazing models and resources are being developed regionally, including UNH research on “grass-fed milk” to better understand the cross breeding potential to produce dairy cows that can utilize grass more effectively.

THE COST OF ANIMAL FEED IN NEW HAMPSHIRE

In 2022, New Hampshire dairy farmers spent **\$19.3 million** on feed for their animals in.

In the same year, feed expenditures comprised **35.4%** of total dairy farm expenditures that year.

SOURCE: USDA Census of Agriculture, Table 4: Farm Production Expenses.

Current Conditions: Value-Added

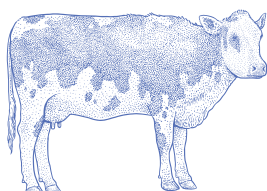
Value-added dairy products are a bright spot in the New Hampshire dairy industry, allowing dairy farmers to operate outside of the volatile fluid milk market. Of the 75 licensed dairy farms in New Hampshire, 13 are marketing at least some percent of their milk as a value-added product. New Hampshire dairy farmers are using their milk for bottled fluid milk, cheese, ice cream, pudding, yogurt, and more, in addition to shipping milk to a cooperative. However, the ability for the farm to do this is largely dependent on the milk cooperative. The

value-added sector of the dairy industry is expected to continue to grow. In addition to dairy cow milk, there has been an increase in the amount of income generated from sheep and goat dairies in New Hampshire. In 2022, the sheep and goat industry generated \$1,940,000, an increase of almost \$580,000 from 2017; some of this growth can be attributed to the sales of sheep and goat fluid milk and value-added products.

Challenges and Opportunities: Value-Added

CHALLENGES

- Value-added dairy is a high investment, high risk sector of the industry. Farmers need to be versed in food safety, marketing, and product development.
- The value-added dairy sector is becoming more competitive, affecting profits and making farmer-to-farmer learning difficult.
- The success of a dairy farm's value-added product sales depends on the farm's location, which dictates product pricing and the size of the farm's customer base.
- There is limited access to and options for dairy technical service providers (consultants, dealers, veterinarians), in addition to concerns service providers will retire without replacement, further limiting available providers.



OPPORTUNITIES

- Many milk cooperatives allow farms to process a portion of their milk for value-added products, selling the remaining amount to the cooperative, an option that offers a stable income and reduces overall risk.
- Organizations have recognized the importance of supporting the value-added dairy product industry; many grants are available for start-up, expansion, modernization, marketing, and equipment.
- Since 2020, the increased demand for local food has created a unique market for dairy farmers to capitalize on. For example, institutional buyers may have greater interest in yogurt over fluid milk.
- The New Hampshire Cheesemakers Guild relaunched in 2023 as an energetic collaboration with a forward facing vision. The NH Wine and Cheese Trail materials were developed, but have not gained much visibility or traction.
- The development of a goat and sheep milk industry could be beneficial.

Summary

New Hampshire dairy farmers face fluctuating milk prices, high production costs, limited ability to expand, and limited access to service providers. However, there are numerous opportunities for dairy farmers to take advantage of. More farms are growing feed to reduce their overall feed costs and susceptibility to the volatile grain market. There are many funding opportunities and cost-share programs that New Hampshire dairy farmers have used to invest in technology, improve crop yields, upgrade equipment, expand processing, and market their products.

Additionally, value-added dairy products provide an opportunity for farmers to control their milk price by processing their milk or manufacturing other dairy products. Dairy farmers rely on both sectors for the viability of their operations and the sustainability of New Hampshire's dairy industry.

Recommendations

- **Establish a tier-based pricing system for milk.** Establish a tier-based pricing system based on farm size, like Maine. All farms start the year at the same price point and graduate to a lower price as they produce more milk.
- **Research the issue of dairy farm economic viability.** Support research that improves the economic viability of farms, such as research on alternative feed for dairy cattle.
- **Increase grant support and technical assistance capacity for dairy farmers and producers.** Support farmers in securing grants to fund energy efficiency projects, launch value-added production, new technology, milking centers, and utilizing cost-share programs with the USDA Natural Resource Conservation Service. Add capacity for technical assistance in the areas of marketing, processing, food safety, and development of apprenticeship programs with value-added dairy producers.
- **Develop a NH Dairy Association.** An association can develop and advocate for policy that supports the viability of the dairy industry.
- **Increase workforce development for dairy industry technical service providers.** Support policies that increase workforce development for technical service providers, such as veterinary student loan repayment programs for large animal veterinarians.

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For more information, including references and opportunities to get involved, visit the 2025 NH Food and Agriculture Strategic Plan web page on nhfoodalliance.org or scan the QR code on the inside front cover of the print version.