

Chatham Keep Farming
Economics Team
Final Report
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I. Team Goals

- To create an economic profile of Chatham's agriculture, including land use, production, and employment
- To generate data that helps put farming's economic contributions into perspective, beyond the market value of its products and the jobs it provides
- To involve and inform the farming and non-farming community

II. Background Information

There are about 33,500 acres in Chatham. Roughly one-half of the land is forested, 8,371 acres have an ag exemption, and 1,448 acres are protected land.

III. Methodology

Our team looked at 20 farming operations, with in-depth surveys and interviews done at 15 operations. We focused on "first income" farmers where farming is the primary source of income. We also included some "second income" farmers to make sure we represented most of the types of farming that occur in Chatham.

We started with properties on the ag exemption list and supplemented this with personal knowledge and information that farmers gave us. Operations that are not on the ag exemption list, especially when the land is leased, are more difficult to identify, and we learned about some we overlooked as recently as the November 11 Community Agriculture Forum.

In total, we looked at 7,725 acres being farmed, including 6 dairy farms, 3 produce farms, 2 sheep farms, 4 horse farms, and 3 mixed livestock and other farms. While we were not able to include all farms in the study, we examined a representative sample of operations that cover most of the agricultural land (80%) in the town.¹

¹ The County Farm Bureau reviewed our sampling strategy and draft numbers.

We attempted to get trend data by asking for 1997 and 2003 information, however we did not get enough quantitative information about 1997 to be able to discern trends. We did get a sense of trends through the more open-ended interview process. All numbers used in this report are based on 2003 information unless otherwise noted.

IV. Survey Findings

How Land is Used

Of the 7,725 acres in the study:

- 5,119 acres are tillable (65%)
- 1,372 acres are pasture (18%)
- 827 acres are wood lots (11%)
- 198 acres are wetlands (3%)
- 200 acres are used for other purposes such as barns and other buildings (3%)

Of the 7,725 acres in the study:

- 4,965 acres are dairy farms (64%)
- 1,144 acres are sheep farms (15%)
- 744 acres are mixed livestock and other farms (10%)
- 475 acres are horse farms (6%)
- 397 acres are produce farms (5%)

Use of Tillable Land

Of the 5,119 acres of tillable land in the study:

- 1,180 acres are grass silage, haylage, green chop (24%)
- 1,015 acres are grass/mixed hay (20%)
- 885 acres are corn for silage/green chop (17%)
- 785 acres are alfalfa (15%)
- 740 acres are corn for grain or seed (14%)
- 83 acres are vegetables and fruit (2%)
- 431 acres are all other crops (8%)

Of the 83 acres of tillable land used for vegetables and fruit:

- 36 acres are vegetables and herbs (44%)
- 30 acres are potatoes (36%)
- 15 acres are sweet corn (18%)
- 2 acres are melons and berries (2%)

Animals

Cattle:

- Milk cows - 931
- Heifers & heifer calves - 770
- Steers & bulls - 24
- Beef cattle - 84
- Total cattle - 1809

Sheep & lambs - 1400

Poultry - 125

Goats - 1

Alpacas - 50

Horses - 172

Hogs & pigs – 20

Other Farm Demographics

- The number of acres being farmed ranged from 1.5 acres to over 1,300 acres.
- The number of years that farmland has been in a family ranged from 3 _ to 135 years.
- The average age of farmers (who gave us their age!) was 51.2 years.

Economic Impact of Farming

2003 annual gross sales of all farms studied were \$4,660,000² and ranged from under \$10,000 to \$1,500,000. 2003 annual production costs of all farms studied were slightly less than gross sales. These production costs do not include labor costs for either operators or hired help.

Dairy farms produced more than 17 million pounds of milk in 2003 with a total value of over \$2,315,000.³ This is consistent with state statistics. Milk is New York's leading agricultural product with milk sales accounting for over one-half of total agricultural receipts.

1/3 of operators report that profits for the past 5 years have increased, 1/3 report that profits have decreased, and 1/3 report that profits have not changed.

Local farmers engage in a wide range of activities, including selling milk, produce, meat products, honey, eggs, dried flowers, hay, and green chop. They breed and board animals. They sell wood and fiber. They create value-added products like cheese, yogurt, yarn, wax, and candles.

² The survey format allowed respondents to check a category that represented a range of numbers (ex: \$20,000-49,999) so this number represents our best ability to estimate gross sales. The larger operators tended to give us specific numbers, however.

³ This number may be low; we have recently identified at least one and possibly two smaller dairy operations not included in the study.

Investing in Our Community⁴

The farmers in the study have invested heavily in small farm equipment, large equipment, land, livestock, planting stock, irrigation, fencing, buildings and computer technology. They spent more than \$3,160,000 on these items over the past 5 years.

In 2003, farmers spent more than \$929,650 on supplies and more than \$224,500 on services in Columbia County. Almost all farmers try to use local providers whenever possible. 2003 local expenditures include:

- Fertilizer – more than \$126,000
- Chemicals – more than \$101,000
- Equipment and parts – more than \$81,000
- Seeds – more than \$119,000
- Feed & bedding – more than \$477,000
- Live stock – more than \$10,150
- Vet supplies – more than \$15,500
- Vet – more than \$46,700
- Farrier – more than \$64,700
- Insurance – more than \$65,000
- Slaughter – more than \$8,100
- Repair & maintenance – more than \$40,000⁵

In addition, there are expense categories not included in the survey such as fuel, utilities, livestock auction, and other supplies and services that are part of the economic system of agriculture.

⁴ We believe that these numbers are considerably lower than actual. These questions came at the end of the survey and many operators either skipped them or responded with checkmarks, not financials.

⁵ The farmers surveyed do most of their own repair and maintenance.

V. Conclusions⁶

1. Farming in Chatham is based on commodity dairy farming. Dairy farming accounts for 64% of agricultural land use, generates at least 50% of gross sales, and represents more than 50% of the investment in local products and services. Dairy farming and open space are tightly connected; dairy farms tend to use large parcels of land, leaving them undeveloped. Development of this land would have a profound “cost of services” impact on the town.⁷ While this study did not catalog farms that have disappeared, there is strong anecdotal and visual evidence to show the steady loss of dairy farms in the town.
2. Farming in Chatham is highly dependent on a small subset of dairy farmers who farm large parcels of land (leased and owned) and who provide a variety of services to other farmers such as selling green chop corn at affordable rates.
3. While the economic impact of “second income” and non-dairy farming operations is less than that of dairy farms, their impact on the farming system is significant. These farmers lease land from and to other farmers, buy from and sell products to other farmers, and in aggregate represent 36% of agricultural land use and 50% of gross sales.
4. The farming system is complex, full of interdependencies, and extremely fragile. Factors stressing the system include:
 - a. Escalating land prices that create problems for those tied to the local economy who often exist on a sustenance income;
 - b. A lack of capital to invest in maintaining and/or changing farming operations;
 - c. A shortage of affordable, qualified, and reliable workers;
 - d. A lack of “next generation” farmers and little emphasis put on training and education to prepare them;
 - e. Fluctuating milk prices and the possibility of buy-outs.
 - f. The gradual loss of businesses that support agriculture, forcing farmers to pay higher prices and go farther to obtain necessary products and services.
 - g. The current tax structure.
5. There is fragility in the formal and informal leasing arrangements typical of farming. Some farmers lease or use land from more than 20 landowners. Agricultural land is disappearing or at risk. Even if farmers don’t sell their land, they could go out of business if major landowners sell to others who either develop the land or prefer not to lease it for farming purposes.

⁶ Based on interview and survey data.

⁷ For more information, visit www.chathamkeepfarming.org or the American Farmland Trust website.

6. While farming represents 1% of the economy of the Hudson Valley, we believe it may be more significant for Chatham. We are working with Marist College's Bureau of Economic Research to get a better understanding of the true economic impact of farming in the town.
7. Non-dairy farming operations are important for the town's future. The "hay and horses" conversion creeping up the Hudson Valley has not yet fully arrived in Chatham, but limited trend data indicate an increased number of small horse farms in the town.
8. Food is cheap and has low profit margins. We see the beginnings of a bifurcated system re: price or quality. Local crop farmers compete primarily on high quality and freshness, secondarily by being organic.⁸ With these high-low prices, the middle is dropping out. If we permit the hollowing out of reasonably priced local foods, there will be negative consequences when increasing oil prices impede the current practice of cheap agricultural imports.
9. Small non-dairy operations are important for the future, yet they are overshadowed by the dominance of commodity dairy farming. We need to stop looking at this as an "either/or" situation and think of ways to shore up dairy farmers, crop farmers, and others as well. Our ability to have a sustainable food economy (crops, milk, meat, fruit, etc.) has future value as well.
10. Developing the market for local produce and meat products for consumption is hampered by the lack of a reliable, year-round distribution system.⁹
11. All dairy farmers are aware of and some are interested in exploring alternatives for the future (conversions, creamery, etc.). Lack of time and capital are major impediments to engaging in a different way of farming.
12. 100% of "first income" farmers interviewed are uncertain about how their land will be used in the future. 100% of "first income" farmers would prefer that the land stay in agricultural use.

⁸ This is consistent with the Local Foods Team finding that residents are more interested in fresh, local produce than in organic.

⁹ This finding, too, was supported by the Local Foods Team research, which also suggested that improved marketing and packaging was necessary.

VI. Acknowledgements

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