



April 28, 2017

Re: Heifer ranches' economic value to the state of California

Dear Mr. Sousa,

Western United Dairymen would like to add supplemental comments on the economic value of heifer ranches. Heifer ranches generated approximately \$953 million in sales in 2015<sup>1</sup>. Their economic impact goes even further: through the people they employ, the feed and equipment they purchase, the veterinary and other specialists they hire and the bank loans they utilize. Heifer ranches support a wide range of businesses throughout California's central valley. To determine the value generated from raising heifers, one need to look no further than to the costs involved: in 2015, heifer growers spent \$436 million in feed, \$6.7 million in bedding, \$12.9 million in veterinary services, \$10.1 million in breeding, \$37.6 million in interest, \$84.6 million in labor, \$67.5 million in housing and \$6.1 million in equipment to raise heifers. This total of \$662 million undoubtedly supported businesses throughout the state and the many jobs that depend on them<sup>2</sup>.

Dairy replacements are an important part of the cost of milk production. Any increase in the cost of dairy replacements would be a direct hit on the California dairy industry. And a hit on the dairy industry has ripple effects far beyond the farm. According to a study conducted by the University of California Agriculture Issues Center on behalf of the California Milk Advisory Board, California's dairy industry generated \$65 billion in economic impact and supported 189,000 jobs in 2015.

Sincerely,

A handwritten signature in blue ink that reads 'Annie AcMoody'.

Annie AcMoody, Director of Economic Analysis, Western United Dairymen

---

<sup>1</sup> Heifers moving to dairies times market price. The heifers' market value used was \$2,112, the same as in WUD's submitted comments to the Water Board. The number of heifers moving from growing facilities to dairies was calculated as follows: according to CDFA data, the cull rate in 2015 was 44%. There were 1,747,770 milk cows in California in 2015, which means 769,019 cows were culled that year. The number of cows in California is slightly declining (-0.5% from 2015-2016), this would mean 765,174 heifers would have been needed to exactly replace those that left. It is an industry accepted ratio that dairies need to take in approximately 1.2 heifers per cow that leaves to maintain a constant cow number. This means 918,208 heifers would have made their way to a dairy. Based on the CDFA's cost of production sample, approximately 49% of dairies in the central valley use a custom raising service. This means sales from custom growers cover 449,921 heifers, multiplied by \$2,118 per heifer equals \$953 million.

<sup>2</sup> Cost per heifer details submitted in WUD's comment letter to the Water Board.