

Overview of The New Mexico Dairy Industry Supply Chain



Dairy Farmers of America

David Shelton, President and CEO – Western Dairy Transport, LLC
Jason Ables – Director of Logistics, Dairy Farmers of America, Inc.



New Mexico Dairy Industry Highlights

- New Mexico ranks 9th overall in the United States in milk production with raw milk output of 8.1 BB pounds in 2020.
- The 130 dairy farms of New Mexico rank 1st overall in the US for average herd size of 2,357 cows per farm with the State's overall herd size of ~350,000 cows.
- New Mexico ranks 5th in the nation in cheese production, making 962,449,000 lbs. in 2020. New Mexico is home to the world's largest cheese factory, Southwest Cheese LLC, in Clovis, NM, which processes as much as 300 loads per day of raw milk into various cheese products.
- The NMSU Extension Service estimates the NM dairy industry's combined economic impact for the state is \$2.6 BB with over 20,000 total industry jobs in its workforce.



Dairy Industry Supply Chain FAQ's

- Approximately 450 loads of raw milk (50k lbs.) are shipped daily from NM's dairy farms to dairy processors, primarily within the state. However, there are several specialty loads and marketers, such as organic milk, that are shipped to markets throughout the United States.
- With the state's average processing capacity of ~550 loads per day, New Mexico is a raw milk importer. The balance of New Mexico's raw dairy inputs not produced within it's borders are sourced primarily from Texas.
- An estimated 50-55 million miles are travelled annually on New Mexico roadways on the raw side of New Mexico's dairy industry supply chain.
- Roughly 100 finished product loads are shipped daily from New Mexico's dairy processors to customers throughout the US. These loads consist of finished cheese products, cream, non-fat dry milk (NFDM), among others. An additional 10-15 million miles are travelled annually on New Mexico roadways in the distribution of these finished dairy products.
- Dairy feeds and feedstuffs that nourish New Mexico's dairy herd account for nearly 100,000 full truckloads of inputs annually for New Mexico dairy farmers. While a portion of these loads, such as haylage and roughage are grown on farms, most of the loads feeding New Mexico dairy cattle are shipped moderate distances across the state from growers throughout the grain belt.



Dairy Industry Supply Chain FAQ's

- There are roughly 1,750 jobs directly tied to New Mexico's dairy industry supply chain. The vast majority of this workforce are vehicle operators engaged in transporting milk from New Mexico's dairy farms to processors. The balance of the workforce are support roles for this manpower and machinery-maintenance technicians, dispatch operations personnel, etc.
- Wages earned by drivers in this industry nearly double that of New Mexico's per capita income. Drivers hauling milk in this state should expect annual earnings between \$60k and \$70k annually. The nature of the relatively short average length's of haul in the NM dairy industry provides an unparalleled quality of life experience for our workforce compared to other industry supply chains with longer length's of haul and interstate distribution.
- The inflows from fuel tax, property tax, permits and other forms of governmental revenue, the New Mexico Dairy Industry's supply chain and motor carriers produce state based revenues that total in the multiple millions of dollars for the state.



Challenges Facing NM Dairy Industry Supply Chain

- **Workforce – Workforce – Workforce!!** New Mexico's stagnant population growth presents our industry with unique challenges supplying the workforce. In fact the two largest dairy producing counties in New Mexico have negative population growth. The rural nature of dairy farming locates our dairy producers in remote regions of this state with already scant populations.
- The limited amount of skills development and training options to prepare commercial motor vehicle operators for very lucrative careers in milk hauling further constricts this available workforce. While efforts are being made by NM's state universities and community colleges, the geographies where instruction takes place prohibit much of the workforce's ability to attend classes. The majority of carriers in this industry sourcing drivers have restricted options from an underdeveloped workforce in commercial vehicle operation in an underpopulated region of this state.
- Weight laws and limitations for commercial motor vehicles in New Mexico pale in comparison to other rocky mountain states such as Colorado, Utah and Idaho, where dairy production surpasses New Mexico's dairy industry. Vehicle configurations in these states permitting quad-axle milk tank trailers and tri-axle tractor drive axles allow these states dairy industry to move more milk with half the manpower. The standard payload of milk in New Mexico weighs between 48-52,000 lbs. The aforementioned state's dairy industries are permitted to deliver payloads of milk weighing 70-75,000 lbs. This allows carriers with similar area workforce population challenges to better and more rapidly serve these states growing dairy industry.
- Adopting non-subscriber plans for workers compensation in New Mexico would highly benefit motor carriers and their personnel serving New Mexico's dairy industry. Non-subscription employers in permitting states, such as Texas and Wyoming, experience a **DRASTIC** reduction in total claim expenses, but more importantly, a **DRAMATIC** improvement in injured employee care. While workplace injuries are nearly 100% preventable, in heavy industries such as ours, they do unfortunately occur. Permitted non-subscribing employers allow injured workers access to top specialists in occupational injury that wouldn't normally accept workers comp. Early medical intervention and prompt claim reporting in non-subscription programs reduces claim cost for employers, reduces impact to employees, and improves return-to-work periods as much as 25%, while providing nearly 100% compensation for time off injuries.

Challenges Facing NM Dairy Industry Supply Chain

- Not uncommon among most of the states in the Union, roadway infrastructure remains a major concern among all of transportation industries. However, particularly in the petroleum energy producing states such as New Mexico and Texas, the eroding conditions of roadways commonly shared by both the energy sector and dairy remain a concern. Not only are degraded pavement conditions costly in the maintenance of the very class VIII diesel trucks whose fuel tax monies are justly designated for roadway and infrastructure upkeep, they are safety hazards for passenger vehicles alike.
- A second infrastructure item of concern common among all members of the transportation industry as a whole is the lack of suitable parking for large commercial vehicles. As the old American Trucking Association slogan goes, "if you got it, a truck bought it." Large scale parking for trucks with products derived from both New Mexico producers and products crossing New Mexico's borders is inadequate on interstate and state maintained major thoroughfares and seemingly non existing on much of the area where both milk and energy are produced. As our legislature discusses continued infrastructure development on the roadways across New Mexico, the provision of safe parking for trucks provides safe passage for passenger with our families and loved ones.
- And finally, the transportation industry as a whole is on the breaking cusp of electrification of vehicles and other alternative energy power trains that move our State and Nation's freight. New Mexico is a national leader in the reduction of greenhouse gasses and carbon emissions. And it only makes sense that such an ecologically responsible state be the leader in infrastructure production and access to renewable energy platforms adopted by commercial trucking.