

## Iowa New Farms Project Update

### A.S. Leaflet R2309

Dale Thoreson, Robert Tigner, Kendra Crooks, Chris Mondak, Ron Hook, Kris Kohl, Iowa State University Extension Field Specialists;

Deb Van Arkel, Neil Wubben, Pat Derdzinski, Nancy Jenson, Donald Avis and Terry Janssen, County Extension Education Directors.

### Summary and Implications

A general description of the Iowa New Farms project was presented in A.S. Leaflet R 2095 in the Animal Industry Report 2006. This is an update of the project.

Six dairy farm families have immigrated or moved from other states to Iowa under the New Farms Project. There is one additional dairy that has established an Iowa base, but has done so under an E-2 Visa. All of the others are utilizing the EB-5 Visa and have located in one of the 77 Iowa counties designated by the U.S. Citizenship and Immigration Service.

The economic impact of these new dairies is very significant. A Minnesota source estimates total economic impact of a dairy to be \$15,000 per cow. That would give an economic impact of \$15,000,000 on Iowa's economy from the first 4 immigrant dairy farm families to establish in Iowa.

### Introduction

The U. S. dairy industry is dominated by a domestic industry with limited (but expanding) exports. There also has been a 1.5 - 2 percent annual growth rate for over 50 years. Thus the cows will be milked someplace and each state must work to keep and attract dairies if they are to keep or expand their share of the industry. Several states and private organizations have stepped forward to assist the dairy industry. Iowa State University Extension, Atlantic Business Development and Atlantic Business/Iowa have launched the New Farms Project to attract dairy farm families from outside of Iowa. This project started in 2001. It utilizes the EB-5 Visa which gives conditional immigrant residence status. This status is required for an immigrant to own farmland in Iowa and to pursue U. S. citizenship for the parents and children. In addition the new immigrant farm family is required to invest a minimum of \$500,000 and have a dairy herd of 330 cows at the end of the two year proving process. The 330 cows were determined to create 10 jobs both on and off the farm.

### Current Update

The four established farms have a total of 1000 cows. One farm is in the process of filling their facilities and

one will begin milking in early April 2008. The two will add approximately 700 more cows. Thus the goal of 330 cows is being met. The first immigrant farm family has received their unconditional permanent residence showing they have complied with the EB-5 immigration requirements.

The six families have 15 children who are enrolled in local schools. The young children beginning school have mastered the English language very fast. Older children had extensive training in English prior immigration.

We have been able to establish an advisory committee for two of the families, and are in the process of working with the remaining families on variations from a traditional advisory committee. The committees are composed of their lender, feed nutritionist, veterinarian, Atlantic Business/Iowa and Iowa State University Extension specialists.

Extension has provided assistance on partial budgeting to help families make economic decisions. Examples include: a bunker silo verses storing silage in bags, custom raising heifers and dry cows, milk marketing, adding additional facilities for cows, automatic milk feeder verses individual calf feeding, plus other decisions. Extension has also provided employee-hiring assistance in the form of job description development, milker training, and identifying local sources of labor.

Assistance in developing corn silage, alfalfa and manure contracts with neighboring farmers has been provided. Numerous spin-off businesses have been expanded or attracted with these new dairies. One nutritionist has added an Iowa State University Dairy Science graduate to help serve these new accounts, while another local veterinarian has added a new veterinarian. The dairies have also attracted custom harvesters from a wide geographical region of Iowa.

### Challenges

A major challenge for these, as well as any new or expanding dairy, has been to keep the barn full of milking cows. With a national cull rate of 30 to 35 percent per year, a herd must turn over 60 to 70 percent of the herd the first two years. On a steady-state dairy there are heifers available for replacement, but that is not the case with major expansions or start-up dairies. Acquiring the funds for these replacements can be a challenge, plus the replacements need to be acquired in a timely manner. This leads to a second challenge in Iowa that is the experience and knowledge of the lending community in larger (300 plus cows) dairy situations. Iowa State University as well as others must help bring more current education to this vital portion of today's dairy industry. Other issues faced by these new Iowans have included the rapid inflation of feed costs, cattle prices, buildings and

facilities as well as land values. All of these require larger financing arrangements. In some cases, custom-harvesting availability has been a concern, especially the size and capacity of services needed for herds over 300 cows.

One interesting challenge is the "Who can you trust" issue. Like any new person in a community, the immigrant farm family has few trusted acquaintances. Establishing those has been a challenge for some. Fortunately these new Iowans have often turned to Extension when seeking reliable information and contacts.

Finally, an on going challenge has been to find both management level dairy employees and part-time employees who bring dairy background and expertise. There is a large demand for herdspeople with a sound

educational background in herd management and experience with large dairy herds

In spite of these challenges, most new immigrants are pleased with their decision to move to Iowa. They respond that the education system, freedom of enterprise, and reasonable environmental rules are major reasons for their satisfaction.

### **Impact**

The economic impact of these new dairies is very significant. A Minnesota source estimates total economic impact of a dairy to be \$15,000 per cow. That would give an economic impact of \$15,000,000 on Iowa's economy from the first 4 immigrant dairy farm families to establish in Iowa.