We all lived through the so-called “Year of Clean Drinking Water.” That’s what Gov. Tony Evers declared 2019 shortly after he was inaugurated. State Assembly Speaker Robin Vos responded with his own bipartisan task force to work on water issues. Thanks to COVID-19 and politics, the results of both efforts were minimal.

Now it’s up to all of us to decide if we’re committed to something bigger. Could this be our decade of clean water?

The Speaker’s Task Force on Water Quality pushed forward a handful of bills that would have invested about $10 million in several initiatives. While these bills passed the Assembly, they failed to come up for a vote in the Senate because the session was cut short by the beginning of the pandemic.

This legislative session, there were a handful of items included in the state budget to move the ball forward on water quality, such as...
The evolution of DBA’s thinking about sustainability, which includes our collaboration with a handful of environmental groups, does mark a change from an approach from many years ago.

Policy Radar

Agriculture export program legislation was signed into law as Wis. Act 92 by Gov. Evers on Dec. 3 in Madison. The new program will receive $5 million over five years with the lofty goal of increasing ag exports by 25% over that time frame. Half of the $5 million is directed to dairy exports.

Spring legislative session will be kicking off in January and is expected to wrap up in early March. Several dairy and ag-related proposals we will be advocating for include nitrates (SB 677 and SB 678), Farmland Preservation Program expansion (AB 54), truth-in-food-labeling (SB 81, SB 82, SB 83), and driver’s cards for all residents (no proposal).

DBA’s annual Dairy Day at the Capitol is scheduled for Tuesday, Jan. 18. Make your plans now and join farmers and affiliated DBA members in Madison as we meet with lawmakers to share DBA policy priorities for the remainder of the legislative session. Your participation is vital to our success. We will talk with and educate legislators and their staff about modern dairy farming and conservation practices. We’ll also talk about policies and regulations that can help, and hurt, agriculture and rural Wisconsin. Most importantly we will connect, and share the dairy story, with our state government leaders who are consistently further removed from our state’s farming heritage.

In addition to meeting with state lawmakers in the afternoon, we have a full morning agenda with a legislative policy panel, an update on projects being conducted through the recently established Dairy Innovation Hub and, an in-depth discussion about the redistricting process and why we see so much about it in the news.

There has been a real reluctance to do anything more this session, in part because anything that would spend additional funds would trigger something called “Maintenance of Effort” (MOE), which, because of our state’s acceptance of some COVID-era federal relief, would require a 70 percent matching investment in K-12 education. The handful of bills that do relate to water quality this session includes a modernization of the Farmland Preservation Program, which would probably have delayed implementation to avoid the MOE problem.

DBA also has partnered with most other ag groups to support two bills that specifically target issues related to nitrates. One spends money to create a nitrogen optimization program for commercial fertilizer, provide crop insurance rebates for cover crops and fund a new hydrogeologist position to work with counties and farmers on groundwater issues. The other bill has no fiscal impact. Instead, it makes some statutory changes to make a few existing programs (e.g. the producer-led watershed grants and well compensation program) more flexible and efficient.

As of this writing, the non-fiscal nitrates bill has emerged from a Senate committee on a unanimous vote. Its prospects look decent. The nitrates bill that would spend money faces a more uphill battle because of the financing and a couple of groups are opposed to the possibility of funding any new research on water.

Despite the challenges, we’re going to continue pushing for both bills. They will be some of the legislation that we will focus on during our annual members’ lobbying event: Dairy Day at the Capitol. (Dairy Day is scheduled to take place on Jan. 18 and I hope you’ll join us.) The reality is that these bills are very modest steps. Research may not always give you the answers you want, but it does provide information you need to make sound future decisions.

DBA’s sustainability journey has also taught us to not fear research. Good things are happening on the landscape and research shows that as well. That does not mean we don’t have challenges; however, ignoring them is not a long-term strategy for the future of dairy farming and agriculture.

Beyond our efforts in the state Legislature, DBA and our affiliated co-op, Edge Dairy Farmer Cooperative, are trying to make the most of the infusion of federal cash the state, counties and many federal agencies have received through COVID relief, the infrastructure bill and potentially the Build Back Better bill. I am sure that our members are divided over some of these bills, but if they are the law of the land, it would be foolish not to try to utilize these funds in a way most beneficial to farmers and our sustainability goals.

The evolution of DBA’s thinking about sustainability, which includes our collaboration with a handful of environmental groups, does mark a change from an approach from many years ago. That approach could best be summed up as obfuscate and litigate. Well, we can only hide from things for so long and battling things out in the courts has proven to be an expensive and generally unsuccessful gamble.

The road we’re on is not always going to be a comfortable one, but the alternative is an even bumpier ride (with hefty lawyer bills to boot).
Ag exports program
a win for Wisconsin dairy

By Tim Trotter,
Executive director

Late last year, DBA worked diligently — both in the spotlight and behind the scenes — to support adoption of a new program that would invest $5 million into export development for the Wisconsin agricultural community.

The new program, called the Wisconsin Initiative on Agricultural Exports, aims to increase the exports of dairy, meat and other products by 25 percent within five years. The program will be run under the Center for International Agribusiness Marketing, housed in the Department of Agriculture, Trade and Consumer Protection (DATCP). DATCP will also work with the Wisconsin Economic Development Corporation.

Half the expenditure will be committed to dairy. At least 15 percent of the funds must be used for grants. We expect more specific details of the plan to be available soon.

Even before the program made it to the floor for voting, Chad Zuleger, DBA’s associate director of government affairs, represented our members at a Joint Committee on Finance hearing, explaining the importance of the effort to the dairy community. The committee unanimously approved the funding structure, paving the way for its swift move through the full Legislature and to the governor.

In an increasingly competitive market, the importance of growing dairy export markets is paramount. Fluid or beverage milk continues to maintain a shrinking share of the consumer beverage market. Total domestic dairy consumption is growing but fails to match the increases in milk production.

If dairy farms continue growing, export markets are essential to maintaining a strong milk price. It is truly encouraging to see our policymakers widely commit resources to carry on Wisconsin’s storied dairy tradition and history.

In dollars and cents, dairy farming and processing are keys to Wisconsin’s economy. Dairy’s value amounts to $45.6 billion annually, nearly half of all ag revenue, and represents 7 percent of the state’s overall economy. Tens of thousands of jobs are tied to the industry.

Allowing any sort of decline would be detrimental. This is why the ag exports program is so important. It is truly a win for farmers, processors and our rural communities.

DBA is proud to have been a leader in bringing about this opportunity.

Welcome New Members
Churchview Dairy
CIH
Cornette Dairy LLC
Kellercrest Registered Holsteins
Paul Mueller Co.
Schilling Farms LLC
smaXtec
Triple C Dairy LLC

Important dates
New Dairy Stream episode
Jan. 3 » podcast app/online

National Milk Day
Jan. 11 » United States

DBA Dairy Day at the Capitol
Jan. 18 » Madison

DBA Annual Meeting
Jan. 19 » Madison

Dairy Strong conference
Jan. 19 - 20 » Madison

Private Pompeo reception
Jan. 20 » Madison

New Dairy Stream episode
Jan. 26 » podcast app/online

dairyforward.com/events

Stay informed:
Need to add a team member to our email list? Send contact information to info@dairyforward.com.
Dairy farmers are busy. You’re overseeing the herd, handling the milking process and managing production. However, paying attention to just a few metrics will help ensure your operation runs efficiently and, most important, profitably.

It’s especially important to pay attention to these metrics if you want to obtain additional credit. Your bank will use them to determine if your operation is well-run, profitable and has healthy debt levels.

1. Debt service coverage ratio

We look at debt service coverage ratio (DSCR) to make sure an operation can pay their current debts. It helps us measure how much of your income is available to service your debt. We like to see a DSCR of 1.25 or above. This signals that the operation is profitable and not over-loaded by debt. Your DSCR is especially important if you’re looking to apply for additional lines of credit or loans.

2. Current working capital position

Your working capital position is another important financial metric to pay attention to. This ensures the operation can pay for upcoming obligations, and that assets can be turned into cash as needed. Specifically, we’re looking for a working capital position of 1.5 or greater.

Working capital position is the ratio of your operation’s current assets, divided by your current liabilities.

A strong working capital position will help you survive challenges such as market volatility or disease outbreak. Having cash reserves will also allow you to quickly respond to opportunities such as purchasing good deals on feed, fertilizer, other operating expenses or even update equipment without the need for financing.

Another number that we like to look at is the working capital per cow. Ideally, we like to see this metric at $750 per cow. This is calculated by dividing the current assets by total cow number. This is important because the average purchased feed cost is $1,500 annually, and this means you have six months of current assets to pay feed bills.

3. Interest expense ratio

Your interest expense ratio is another indicator of your operation’s financial health and efficiency. It looks at how much of your income is going toward paying interest on loans. It is calculated by dividing the interest you pay on all loans for one

By Dan Duthie, Bremer Ag Bank
fiscal year by your earnings before interest, income taxes, depreciation, or amortization. For your operation to be considered strong, we like to see no more than 6% of your income being used to pay interest. More than 10% would mean you are spending too much money on interest.

4. Net-profit per cow

When working with our producers we like to see a net-profit per cow of around $375. It’s easy to calculate – take the net profit from your operation on an accrual basis and divide it by the number of cows in the herd.

Your profit per cow should be high enough that you and your family can be financially secure, you can set aside money to invest in your operation, and you can weather market volatility.

5. Whole farm cost of production

With any financial metric, it’s important to put it into context. That’s why we look at whole farm cost of production. Your whole farm cost of production takes into consideration:

- Feed
- Labor
- Equipment depreciation
- Herd replacement cost
- Overhead costs

It then takes the sum of those expenses and divides it by the hundredweights (CWT) sold to yield. Farmers looking to improve profitability will often look to lower their cost of producing a CWT of milk. When working with producers, we aim to have a cost per CWT of $16.50 or lower for energy-corrected milk.

Knowledge is power

While you don’t want to get bogged down in the numbers, maintaining accurate records, and working with your banker to make these calculations, will help you make well-informed decisions about purchasing new equipment or livestock, buying more land, or where to reduce expenses. Knowledge is power. Having the right information at your fingertips will help you improve your operation.

For more ag insights, visit www.bremer.com/insights/agriculture.
Coalition sees opportunity for farms in RNG

By Mary Hookham for DBA

Through advocacy, public-private collaboration and water stewardship, a growing group of farmers, businesses and organizations is focusing on nutrient management to meet water quality challenges in Wisconsin and support agriculture at the same time.

Their focus: renewable natural gas digesters.

Dairy cattle manure is already recognized as a valuable fertilizer, but its potential as a renewable energy source has still not been fully realized. Dairy farmers often do not consider biomass energy investments because of the regulatory and business hurdles they can face.

That’s where the Wisconsin Biomass Energy Coalition comes in. WBEC was founded in 2019 and today has a broad mix of members — farmers, producers, technology providers, the tourism industry, municipalities, government agencies and residents.

The coalition is working with elected officials to create guidelines for carbon intensity reduction that will work for small, medium and large dairy farms.

WBEC working groups cover the areas of biogas pipeline, carbon accounting, on-farm energy/distributed energy resources, carbon offset and supply chain, and carbon labeling. Team leaders are working to draft project objectives, interact with legislative officials, solicit public comments and submit final recommendations to relevant agencies and committees.

“We want to understand how best to work this process for everyone involved, and farmer input is crucial,” Jessica Niekrasz of Clean Fuel Partners, a member of the coalition, said. “Our goal is to build a cohesive story that meets the needs of everyone involved.”

Members and elected officials are thinking creatively. They are using voluntary farm carbon intensity accounting and reporting, creating guidelines on options for carbon intensity reduction and farm benefits, enacting regulatory changes that enable the expanded use of distributed energy resources and creating state-sanctioned product carbon labeling programs.

Identifying farming practices that sequester carbon in the soil and working to capture greenhouse gases are top priorities. Credits generated and funded by the California fuel standard could then be sold on the open market to anybody with sustainability goals.

“One of our main goals is to create a system that recognizes and rewards farmers for sustainability efforts,” Dustin Delsman of UA 400 Pipe Trades, a WBEC member, said. “There are many uses for renewable natural gas, so this project checks all the boxes, in our eyes.”

John Holevoet, director of government affairs for the Dairy Business Association, another coalition member, said a number of projects are already underway in Wisconsin and the coalition wants to make the state attractive to other people who might invest.

“We are thinking about how best to position ourselves within the nation to do these types of projects,” Holevoet said. ... “Digesters and biogas development both have tremendous potential in the Midwest.”

These investments have numerous benefits for farmers, things like more energy efficiency, improved manure management and increased revenue from carbon markets. The state sees benefits too. Among them are energy and grid stabilization, more renewable energy options and better water quality.

The additional revenue streams provided to farmers would help steady the volatility of milk and grain prices, Niekrasz said.

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Save on DBA dues, renew for 3 years

By Dale Beaty, director of member relations

Over the past two years, the disruptive impacts of the COVID-19 pandemic on the dairy community have been broad and varied. DBA members faced a multitude of challenges brought about due to the pandemic. Dairy farmers and agribusinesses have been planning production and managing budgets at a time when markets - food, commodity, labor, energy - are being jolted by global, national, and regional shutdowns, slowdowns, and overall uncertainty. Those shocks to the U.S. and global economies have affected both the supply and demand for inputs and food in the U.S. and the rest of the world. Not only were the consequences of the crisis for dairy immediate and severe, but the new variants of the virus keeps all of us running on an exhausting treadmill of uncertainty.

We realize when times are difficult, you need support the most. The entire DBA staff rallied to get out in front of the challenges you were facing to help you successfully navigate through the uncertainty. From extensive work on financial assistance for farmers to crucial information about employee safety, DBA delivered the kind of support you have expected and received in the past. Despite the obstacles, we all kept moving forward.

We wanted to provide you with an opportunity to continue receiving the outstanding value of DBA services while rewarding you with a price break. With those goals in mind, the membership team put together a special promotion deal for you: renew your membership for the next three years and receive a 20 percent discount. You can lock in three years of valuable services, reduce your 2021 tax burden, and not worry about an annual payment again until 2025.

Here are the top 5 reasons to renew your DBA membership:
1. Your farm or agribusiness success
2. Your farm or agribusiness connection to local and state government
3. Your farm or agribusiness support team
4. Your farm or agribusiness information resource
5. Your farm or agribusiness social and professional connection

This opportunity is available through Feb. 15, 2022.

To sign a three-year membership, producers should contact Dale Beaty, director of member relations, at (608) 774-4723 or dbeaty@voiceofmilk.com. Corporate members should contact Nicole Barlass at (920) 883-0020 x104 or nbarlass@dairyforward.com.

We appreciate your membership and take pride in fighting for you.

RNG Coalition

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“The more farmers we can have participate, the better,” Niekrasz said. “There is a way for everyone to be involved.”


Fire safety tips for welders

From Hastings Mutual

Equipment repairs are common on a farm. Some larger or more complex repair jobs may have to be completed where the equipment is located — and that can mean a higher risk of starting a fire. Here are a few ways you can get the work done and keep your chances of fire under control.

• Obtain a “hot work” permit if your company requires one.
• Remove flammables from your work area before starting the job.
• Cover flammables you can’t remove with a fireproof blanket.
• Close or cover any ducts that can transport sparks.
• Keep your work area free of trash.
• If you must work on a wood floor wet it down first or cover it with a fire-resistant shield.
• Make sure there are available fire extinguishers and check that they are working before starting repairs.
• Assign someone to be a firewatcher; hot sparks can travel up to 35 feet.

To obtain a quote from one of our Hastings agency partners, reach out to any of the agencies listed on our website and tell them you’re a DBA member. View the list of partners and their contact information at www.dairyforward.com.
Don’t miss a great opportunity, register for Dairy Strong today!

DBA is excited to welcome everyone back to our annual Dairy Strong conference at the Monona Terrace in Madison, Wis. A gathering place of progressive and forward-thinking dairy farmers and other business people, Dairy Strong has grown into one of the premier dairy conferences in the country. This year’s program features speakers including Ryan Estis, a sales and leadership expert; John O’Leary, an inspirational speaker; and 70th Sec. of State and former CIA director Mike Pompeo.

In addition to keynote speakers, the conference will once again feature a tradeshow, Innovation Stage and breakout sessions. Innovation Stage presenters will cover organic pollutants, building teams and using data. Breakouts will include renewable natural gas, carbon opportunities and farm management.

In addition to a loaded panel of speakers, we will announce our prestigious DBA Advocate of the Year award winner, recognizing an individual’s outstanding support and promotion of Wisconsin dairy.

For more information, a full schedule and sponsorship opportunities, go to our website, www.dairyforward.com/dairystrong.