Budget blueprint for clean water

DBA, partners lay out broad mix of state programs, financial investments in water quality, farmers’ conservation

By Jamie Mara, director of strategic communications

DBA and three groups it is partnering with on solutions to Wisconsin’s water quality issues have proposed significant investments that they urge the state to make when shaping the next budget and beyond.

The proposal centers on ensuring that directly affected residents have safe wells, current conservation efforts are boosted and innovation is fostered, including steps to address the effects of climate change.

The plan by DBA, Clean Wisconsin, The Nature Conservancy in Wisconsin and WI Land+Water came in April at the outset of public hearings regarding the 2021-23 state budget. The items fit into a framework of policy principles the groups announced in December.

“We must commit to long-term solutions and bold action,” the groups said in the new proposal.

DBA and the others are calling for financial assistance for residents and funding for farmers’ conservation practices. The plan includes a mix of spending over the biennium as well as ongoing commitments.

Current funding is falling far short to achieve the groups’ vision of having clean

(continued on page 2)
State budget
The Joint Finance Committee (JFC) has wrapped up its budget roadshow. Over the past several weeks, JFC members convened in Whitewater, Rhinelander and Menomonie to receive public input on the $90 billion two-year budget. DBA members and staff testified at all three meetings. Additionally, a statewide public hearing was held virtually, and DBA was represented there as well. Throughout May, the JFC will meet and vote on various provisions. The deadline for a new budget to be signed by Gov. Evers is July 1, although it’s not unusual for that deadline to be missed.

Federal American Rescue Plan Act (ARPA) funds are coming to Wisconsin. Gov. Evers recently vetoed legislative efforts of majority Republicans to share in directing those funds. It appears legislative leaders are in no hurry to allocate state revenue before knowing how the governor plans to utilize federal resources.

Truth-in-labeling proposals
In an effort to move three milk and dairy products labeling bills forward, DBA and several other dairy and agricultural groups and associations drafted a letter urging Senate Majority Leader Devin LeMahieu and Assembly Speaker Robin Vos to schedule the bills for a floor vote. The bills passed their respective committees with unanimous votes. We continue to support and advocate for truthful labeling and will work with other organizations to address concerns raised by introduced amendments.

(continued from page 1)

drinking water and resilient farms, Mark Redsten, president and CEO of Clean Wisconsin, said.

“We need to recognize that current conservation and clean water investments are nowhere near what is necessary to take on these challenges. It’s time to put real money on the table, to deliver on the promise of clean drinking water and to support farmers in these efforts,” Redsten said.

Matt Krueger, executive director of WI Land+Water, which supports county conservation departments and committees, stressed the importance of reinforcing professional staff at the local level.

“To achieve our shared goals for clean water and resilient farms in Wisconsin, we must invest in our conservation infrastructure — specifically, in people,” Krueger said. “County conservation department professionals provide trusted technical advice to private landowners and farmers, and implement conservation assistance programs, whether at the federal, state or local levels. Investing in these local conservation leaders is essential if we are to meet and rise above the current challenges facing water quality and farms.”

The groups also recommend increasing grants and other incentives for farmers, including those in watershed conservation groups who are expanding the use of innovative practices to protect water quality.

“The work that farmers in Wisconsin are already doing to implement soil health practices and track their outcomes shows that agriculture can be part of the solution to some of our biggest challenges, from water quality to climate change,” Elizabeth Koehler, state director for The Nature Conservancy in Wisconsin, said. “Scaling this effort up will require a greater investment in technical expertise and incentive programs to give more farmers the tools they need to protect our waters, capture carbon and keep their farms profitable.”

DBA President Amy Penterman said there is no easy fix to the state’s complex water quality challenges, including nitrates.

“Addressing nitrates in groundwater will require a long-term commitment and a multi-prong approach. We need to start that process now,” Penterman said. “Agriculture is showing it is part of the solution by aiding in necessary research and implementing new strategies on the land to minimize nitrate leaching.”

“We all value clean water and we all want economically and environmentally resilient farms,” she said. “The fact that our groups have come together to find common ground demonstrates the very real opportunity Wisconsin has, as a statewide community, to invest in lasting solutions. We need to seize it.”
Resilient members move dairy forward

By Amy Penterman, DBA president

Spring is a time for renewed hope and new beginnings. The cold and dreary days of winter become a distant memory.

Every year, I look forward to the first day we prepare our soil in anticipation of planting a crop, the smell of the freshly cut hay and watching my flowers bloom. As farmers we are continuously looking for new and innovative ways to farm. As I talk with producers across the state I am inspired and grateful for their passion for agriculture.

It is also an exciting time to be a member of DBA. We have been working on many positive things to keep the dairy community strong and moving forward.

I look back at where we were one year ago — faced with uncertainty — and where we are today. I see a dairy community that is resilient and strong. Farmers are faced with challenges, and we always will work together as a team. This has shined through during the pandemic.

Last month, DBA and our partners in a clean water initiative — Clean Wisconsin, The Nature Conservancy and WI Land+Water — laid out a proposal for major state investments to address the water quality challenges many Wisconsin families face and to support farmers in their conservation efforts. A bold move like this is exciting and meaningful to our rural communities. Working with one another will allow for a collaborative approach to our state government. It will address gaps in funding and showcase the innovative practices already in place.

Along with our sister organization, Edge Dairy Farmer Cooperative, we are working diligently with key experts to propose changes to the Federal Milk Marketing Orders. This cannot be done overnight and we will need support from our members. Focusing on strategies that will be best in the long term is important.

DBA has worked hard in Madison regarding the proposed changes to the NR 151 nutrient management regulations, which could affect our farmers negatively. John Holevoet and Chad Zuleger from our government affairs team are second to none and will be on the front line defending our farmers.

I participated in DBA’s virtual Dairy Day at the Capitol in April. The event gave us the opportunity to have meaningful conversations directly with our lawmakers from our respective districts. It is important for lawmakers to hear from farmers. We need to let them know the challenges we face and the successes we have. Do lawmakers know what you are doing on your farms that works and what challenges you are facing? It hits home when they hear it directly from farmers.

Lastly, I want to express how proud I am to be part of such an important organization. Our team is forward-thinking, innovative and not afraid to take a stand. While farmers are busy on the farms, our staff is fighting for us at the local, state and federal levels. Do not hesitate to reach out if you need help or want to get more involved.

"Farmers are faced with challenges and we always work together as a team."

Stay informed:

Need to add a team member to our email list? Send contact information to info@dairyforward.com.
Last year was a year like no other we have experienced in the dairy industry. We encountered a sudden demand interruption when the pandemic hit in March. Then went from dumping milk and forced production cutbacks to increased retail demand and rising milk prices over the summer and fall. Along the way, we had several significant government programs to assist in the recovery. When it was all summed up, we actually ended up with a financially successful year.

For those who use benchmarking to help test their farm business performance, is it useful to benchmark your 2020 results given these extraordinary circumstances? While we do need to factor in the unique aspects of the past year, we believe there is still important information to gain from benchmarking your 2020 results.

We'll start with a few reminders on effective benchmarking. First, it is important to use accrual income statements and not cash statements (such as tax returns) to compare results. Accrual statements will adjust for the effects of reducing payables or increasing inventories, which will use up cash but reflect as profitability on accrual statements. Second, make sure the information you are benchmarking against is consistent with your information. Third, benchmarking against your own historical results is as important, if not more important, than comparing to results of external benchmarks or peer groups. Evaluating your own trends helps point out areas of progress as well as areas that are not moving ahead.

For 2020, benchmarking on net profit or cost of production may not be as relevant as other years. Last year’s income and cost of production varied widely between farms, depending on government payments, variances in milk price with wide basis swings and production limitations with some processors. In general, we are seeing strong net profits in 2020 results, with government payments making up over half of the profit margin. However, government payments as a proportion of net income varies significantly across
farms, depending on farm size and ownership structures. We also caution that simply subtracting government payments from net income as a way to look at true farm profitability is misleading. Government payments may have distorted other factors like basis and risk management for the farm. Net income less government payments should be positive for 2020. If not, it is a cause for further evaluation.

When we look beyond net profit, there are many areas from last year that are effective to benchmark. These areas would include the following:

- **Milk production and herd health results.** That would include energy corrected milk production per cow, SCC, pregnancy rates and other related production factors.
- **Feed cost per cwt.** Focus on the efficiency of milk produced per pound of feed versus gross feed costs, especially as commodity costs swing widely. Income over feed cost can be another good comparison measure.
- **Labor costs per cwt.** Labor costs are an area where it is particularly important to make sure that the operations you are using for comparison have similar operational characteristics as your farm. There is a significant difference in labor costs between an operation that is strictly a milk production enterprise and one that also grows and harvests crops, raises heifers and hauls their own manure.
- **Herd replacement cost per cwt.** This measure would track the cost of cows culled and died less cull cow income. Low death loss and involuntary culling and good value cull cows will strengthen this area.
- **Other production costs per cwt.** This category would capture other expenses such as animal health, supplies, manure management, bedding, etc.

While last year was certainly full of unique circumstances, there is still much to be gained by comparing key production and financial results with both your prior year results and those of peers. The final step in benchmarking is to convert the evaluation into action by implementing plans to address areas that are lagging or could be further improved.
Dairy Day at the Capitol
focuses on policy priorities

By Mary Hookham for DBA

As the state began crafting the 2021-23 budget, the Dairy Business Association showed on April 14 how important it is for its members to be fully engaged in the legislative process.

The association’s Dairy Day at the Capitol provided an opportunity for farmers and corporate members to have meaningful conversations with lawmakers. The advocacy event, which was held by video conference, brought together more than 50 members and staff who heard from key decision-makers and visited with lawmakers and their staffs about DBA’s priorities.

“This is an excellent opportunity to highlight the issues that are important to the dairy community,” John Holevoet, director of government affairs at DBA, said. “As our state budget process moves along, we need to make sure our lawmakers know what their farmer constituents value. The format of this event also allows members to have maximum impact in a relatively short amount of time.”

U.S. Sen. Tammy Baldwin

One of the items DBA is pushing for is continued support for the Dairy Innovation Hub. U.S. Sen. Tammy Baldwin told participants that the initiative is important for Wisconsin to maintain its place as a leader of the global dairy industry. The research program gives momentum to innovative ideas and helps economic growth in the rural portions of the state, she said.

“(Agriculture Secretary Tom) Vilsack acknowledges the necessity for these programs,” Baldwin said. “In too much of agriculture these days, producers are finding the sale of their products does not bring in enough money. So, they have to innovate and add value.”

Baldwin also said she continues to push forward with the DAIRY PRIDE Act, which would prevent imitation dairy products from being mislabeled with terms such as milk, yogurt and cheese.

Legislative panel

Sen. Kathy Bernier, R-Chippewa Falls, and Reps. Mark Born, R-Beaver Dam, Amy Loudenbeck, R-Clinton, and Greta Neubauer, D-Racine — all members of the budget-writing Joint Committee on Finance — shared their perspectives on the importance of getting back to the agriculture-related goals of last year’s special legislative session, including the Wisconsin Initiative on Dairy Exports.

“These are investments in the industry,” Born said. “As a leader in the dairy industry, we have to get more of our products out into the world.”

Loudenbeck said the totality of the budget must be considered.

“Each (agricultural) issue individually has merit, but when we look at the whole package, there is a process we must go through to choose priorities,” she said. “We took a big leap of faith in supporting the Dairy Innovation Hub, so now that it exists, it’s important to show value.”

Loudenbeck said pivoting to the most important issues right now is key. That means farmers should be sure to speak up about their priorities.

Neubauer said she wants to see an “ambitious” budget.

“COVID has certainly impacted how we’re thinking about this budget, but we need to address the longer-term issues that impact all of Wisconsinites,” she said.
Conservation alliance continues momentum

Newly named Farmers for Sustainable Food marks transformation

By Jamie Mara, director of strategic communications

An alliance DBA helped create in 2016 to support farmers in their conservation efforts has reached a new level, with a broader focus, more innovative projects and an increasingly diverse set of partners.

This month, the group, the Dairy Strong Sustainability Alliance, announced its transformation into Farmers for Sustainable Food, which provides resources, advocacy, support and empowerment for farmers who are innovating with sustainable practices.

“Our vision is a sustainable food system in which farmers, their communities and the environment thrive,” said DBA member Todd Doornink, a farmer in Baldwin and president of Farmers for Sustainable Food. “Our focus is on uniting stakeholders to collaborate across organizational lines, inspiring farmers to be leaders of change and empowering our partners to meet their goals.”

DBA and The Nature Conservancy originally organized the alliance to help dairy farmers make improvements to the environment and other aspects of their farms. Since then, additional partners have come aboard from throughout the supply chain, and the group is facilitating greater opportunities to achieve goals and promote progress.

“Our momentum has only increased,” said Lauren Brey, who coordinates Farmers for Sustainable Food’s work and is director of sustainability and strategic partnerships for DBA and Edge Dairy Farmer Cooperative. “The organization’s work has become even more innovative, collaborative and widespread. The work is growing beyond dairy and beyond Wisconsin as well.”

Steve Richter, agricultural strategies director at The Nature Conservancy in Wisconsin, said partnering with the now Farmers for Sustainable Food was a natural extension of his organization’s focus on farm-level projects.

“Farmers for Sustainable Food’s connections with stakeholders throughout the agriculture supply chain, their strong relationships with farmers, and their ability to create well-structured and well-run projects have complimented our efforts to provide science, technical support and funding to help farmers be successful,” Richter said.

Brey said Farmers for Sustainable Food closely supports six farmer-led watershed conservation groups. The organization and its partners are also developing initiatives to test ways of measuring sustainability, both environmentally and financially.

Grandé Cheese participates in this work.

“It is important to Grande to be involved in these creative and progressive sustainability efforts,” said Greg Siegenthaler, Grande’s vice president of milk marketing and supply chain, and a DBA board member. “We are proud of our partnership with Farmers for Sustainable Food and are committed to continuing to advance sustainability efforts across Wisconsin.”

Doornink said a key is collaboration throughout the supply chain.

“By working together, we open up resources and vastly expand our potential to make meaningful change,” he said.

Tips to be safe as a team:

- Educate everyone
- Always have open communication lines
- Immediately notify others
- Be alert for hazards
- Report a hazardous condition
- Be conscious

From Hastings Mutual

Safety on the job is always essential, but it’s easy to overlook when you’re busy trying to get your work done. Accidents happen when people aren’t paying attention, or when they take shortcuts to save time, money or staffing.

The first step in making your workplace safe is to think about potential hazards. Walk through your work area and look for equipment that could be better protected. Think about the activities you do on a typical day — do you cut corners and risk your safety to get a task accomplished?

Develop methods to make sure you put safety measures in place. For example, create a checklist to follow, where you can’t start a machine until you take time to activate safety guards. You can also keep software up to date, so it has the latest protection from online attacks.

Being aware of safety means recognizing and understanding the risks you face on the job. Have a plan in place to minimize accidents and protect yourself and your co-workers. No matter what work you do, treat safety as your most important job duty.
Join the fun while supporting the Dairy Business Association’s policy efforts and other work at our annual Dairy Golf Classic on June 15! Round up your friends and register by May 21 to receive a discount. Not a golfer? No problem, we have non-golfer packages and sponsorship opportunities. Secure a sponsorship by May 28.

Register at dairyforward.com/DBAgolf