

Policy Impacts on the Dairy Community

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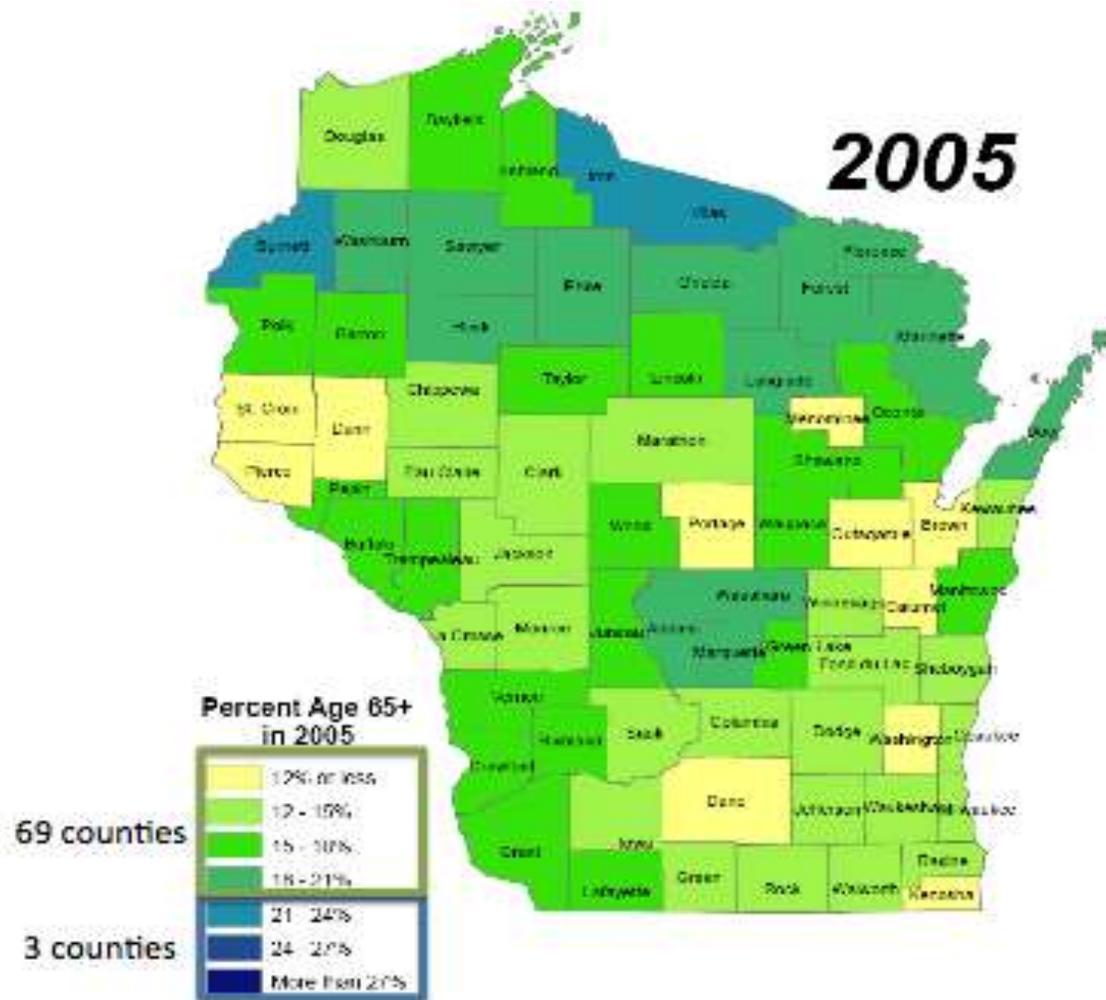
Dairy Business Milk Marketing Cooperative

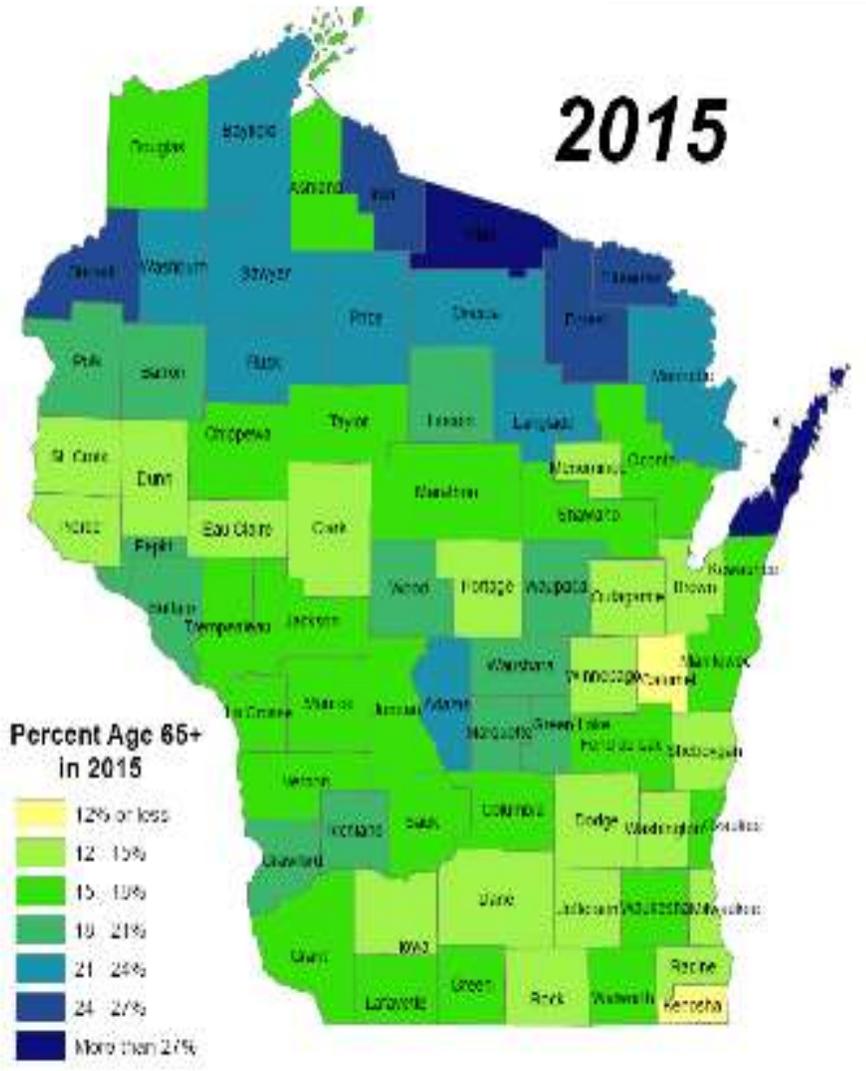
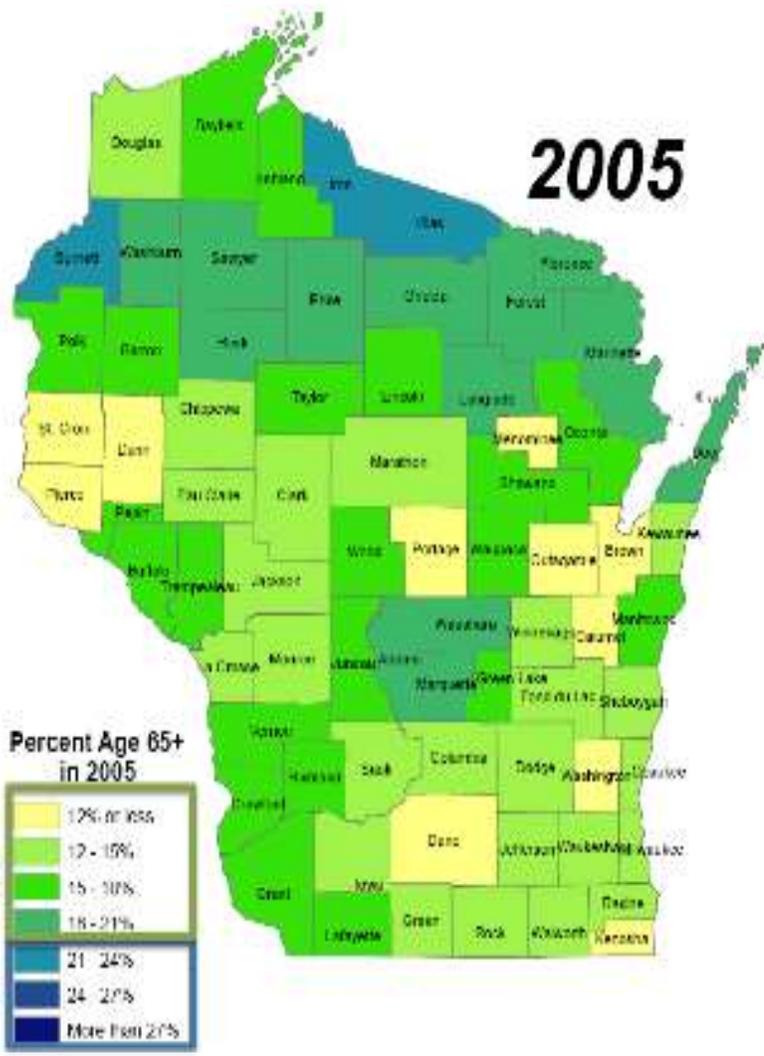
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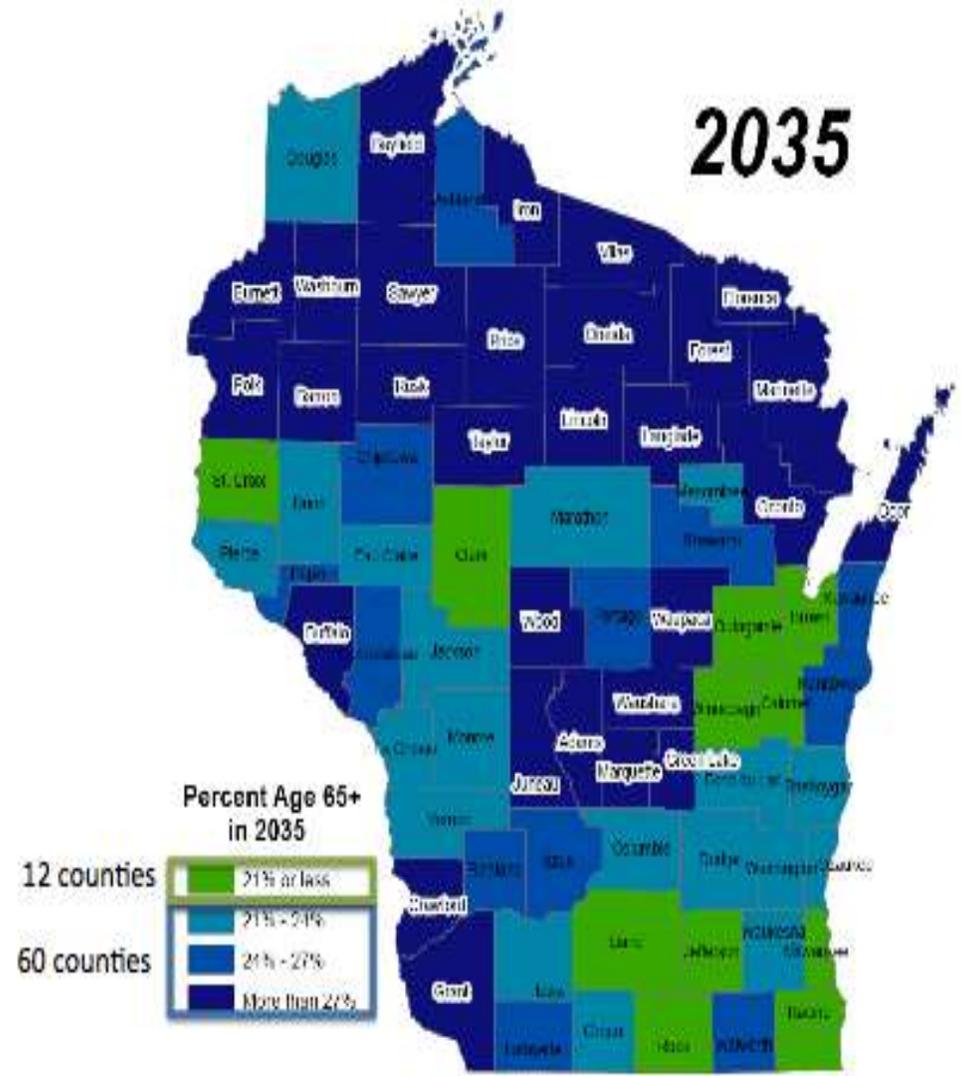
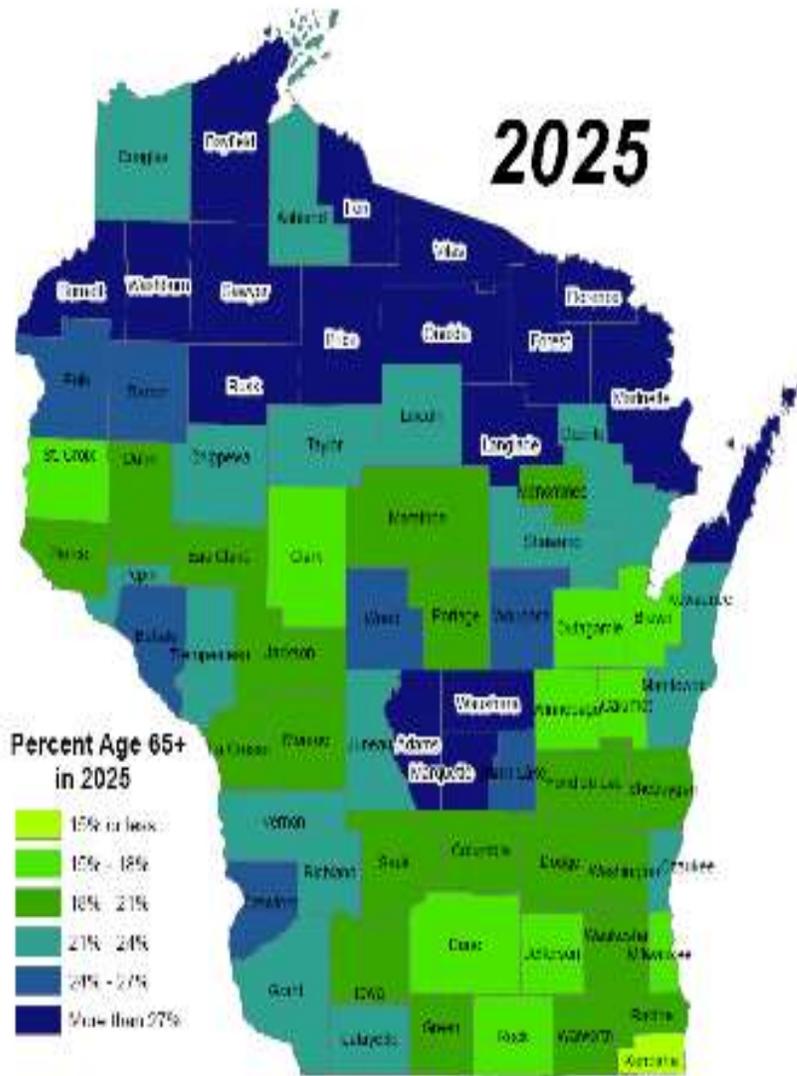
Reliable Labor Force & Immigration

- ▶ A 2008 UW-Madison study found that 40% of Wisconsin's dairy workforce was immigrants.
- ▶ There is good reason to think that number was underreported then and that percentage has certainly grown.
- ▶ There is no doubt that the majority of dairy workers in the Midwest are immigrants; some are here legally and some aren't.
- ▶ This is a federal problem that needs a federal solution. Comprehensive reform is very unlikely, but a guest worker program or expansion of the ag visas are reasonable possibilities.
- ▶ At the same time, there are things that state governments can do to help, e.g. driver's permits and avoiding anti-immigrant measures.

Why Immigration Matters to Dairy Farmers & Rural America







Policy Impacts on Dairy Industry

- ▶ Minnesota - Between 2015 and 2035, the under 18 population will grow by 28,000. Meanwhile, the over 65 population will grow by 500,000. By 2028, the share of the working population (18-64) will fall from 62% to 57%.
- ▶ Iowa - During the 20th century, the national population more than quadrupled, but Iowa's population didn't even grow by 50%. The majority of counties are losing population while the Des Moines metro booms.
- ▶ South Dakota - There is strong population growth, but the vast majority of it is in Sioux Falls. Rural counties have been losing population there since the 1930s. Overall population is rapidly aging.
- ▶ North Dakota - Oil is good for population growth, but it doesn't provide a long-term solution. 27% of the state's population will be over 60 by 2020. In 46 of 53 counties, it will be over 30%. It will be over 50% in three counties.

Trade

- ▶ TPP/TTIP - Gone, but not forgotten
- ▶ NAFTA - Let's not do anything drastic
- ▶ Russia - A new US market?
- ▶ New bilateral trade agreements

Table 1 Top five countries receiving U.S. exports of butter and milkfat, cheese and curds, and NDM in 2014

| Butter and milkfat | | Cheese and curds | | NDM | |
|--------------------|----------|------------------|----------|-------------|----------|
| Country | Export % | Country | Export % | Country | Export % |
| Saudi Arabia | 21% | Mexico | 22% | Mexico | 37% |
| Iran | 12% | South Korea | 19% | Philippines | 13% |
| Morocco | 11% | Japan | 15% | China | 8% |
| Mexico | 9% | Australia | 5% | Indonesia | 8% |
| Egypt | 7% | Saudi Arabia | 4% | Vietnam | 6% |

Milk Price

- ▶ Milk price has already recovered some and is expected to stay in the upper teens for 2017.
- ▶ Nonfat dry milk exports are expected to be robust.
- ▶ Margin Protection Program
 - ▶ MPP wasn't meant to guarantee price. Farmers were expected to continue using other risk management tools.
 - ▶ Still, it has not been a very successful way to dealing with very low prices.
 - ▶ Very few payments were made; instead, it's a profitable insurance program.
 - ▶ This doesn't mean the fundamentals of the program are bad, but changes are necessary.



Improving MPP

- ▶ The margin is calculated by subtracting the feed cost formula amount (based on a calculation of the cost of corn, soybean meal, and alfalfa) from the national “All Milk Price.” This is a fiction.
- ▶ The feed cost formula was altered at the last minute, and needs to revert back to the original.
- ▶ We may want to lower premiums to encourage more farmers to buy coverage beyond the “free” or basic coverage.
- ▶ Only 19% of enrolled farmers got payments in 2016, and all of those payments went to farmers who paid premiums.
- ▶ The margins are calculated on a bimonthly system, but a monthly system might get more people paid and would get help to struggling farmers more quickly.
- ▶ The signup deadline should be moved to late fall or year’s end.

Mislabeling of plant-based products as milk, cheese, ice cream, etc.

- ▶ Existing FDA regulations prohibit many existing labels, but they are not enforced.
- ▶ The plant-based products cannot compete nutritionally with real dairy foods, and some consumers don't realize they are buying an inferior product.
- ▶ A bi-partisan group of Congressmen wrote to FDA regarding this issue.
- ▶ DAIRY PRIDE Act was introduced to compel FDA to follow existing law.



Environmental Regulations

- ▶ There's a new sheriff in town
- ▶ Policy done by executive order can be undone by executive order
- ▶ Policy done by rulemaking will be more difficult to quickly undo
- ▶ WOTUS and the Clean Power Plan could die in the courts with DOJ not defending them
- ▶ Trump has put all pending regulations on hold and stopped all new EPA hiring or contracting
- ▶ As new regional staff comes in, priorities for our state regulators may shift too



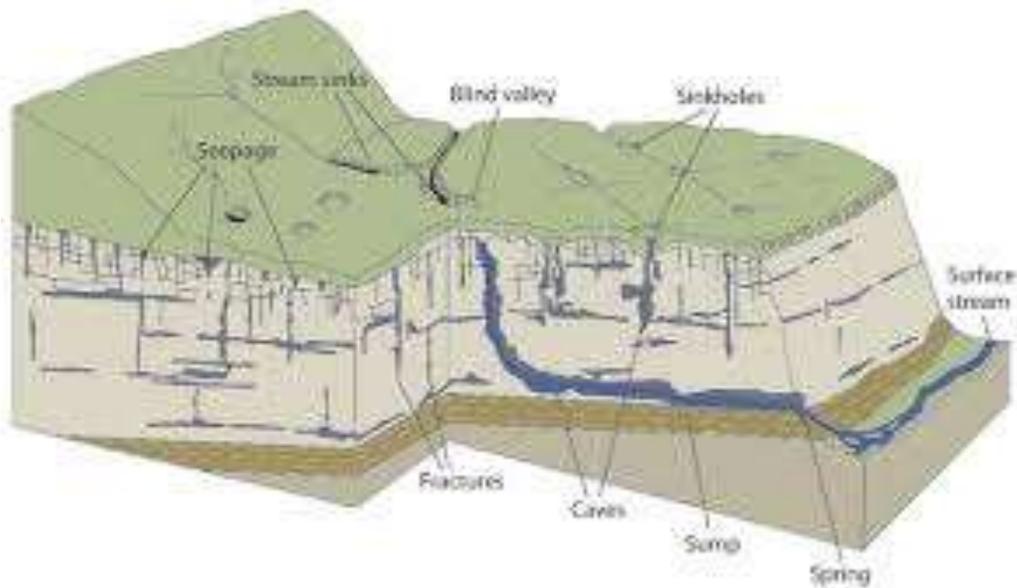
Environmental Regulations: A Wisconsin Case Study

- ▶ WDNR came out with new regulations for VTAs & calf hutch areas
- ▶ This was 100% EPA driven
- ▶ NRCS altered their performance standard to fit DNR and EPA's approach
- ▶ The new approach is contrary to law, laughably stupid, and environmentally harmful
- ▶ Clinton lost & now we have to ask why are farmers being hurt because WDNR was following orders from soon-to-be unemployed EPA officials
- ▶ It looks like we might walk things back, but much damage is already done
- ▶ Projects have been delayed or derailed
- ▶ The NRCS standard will haunt us, maybe indefinitely

Water Quality

- ▶ This is one of the top issues for all of agriculture going forward
- ▶ The concern is both ground and surface waters
- ▶ It's both algae blooms in Green Bay and nitrates in a well near Janesville
- ▶ This is directly tied to manure/nutrient management issues
- ▶ Digesters and the fight over buy-back rates are related too
- ▶ Dairy could play hero on nitrates, but it's left being cast as the villain
- ▶ Getting ahead of the problem: farmer-led watershed initiatives
- ▶ New regulations are coming to a karst area near you

What Is Karst?

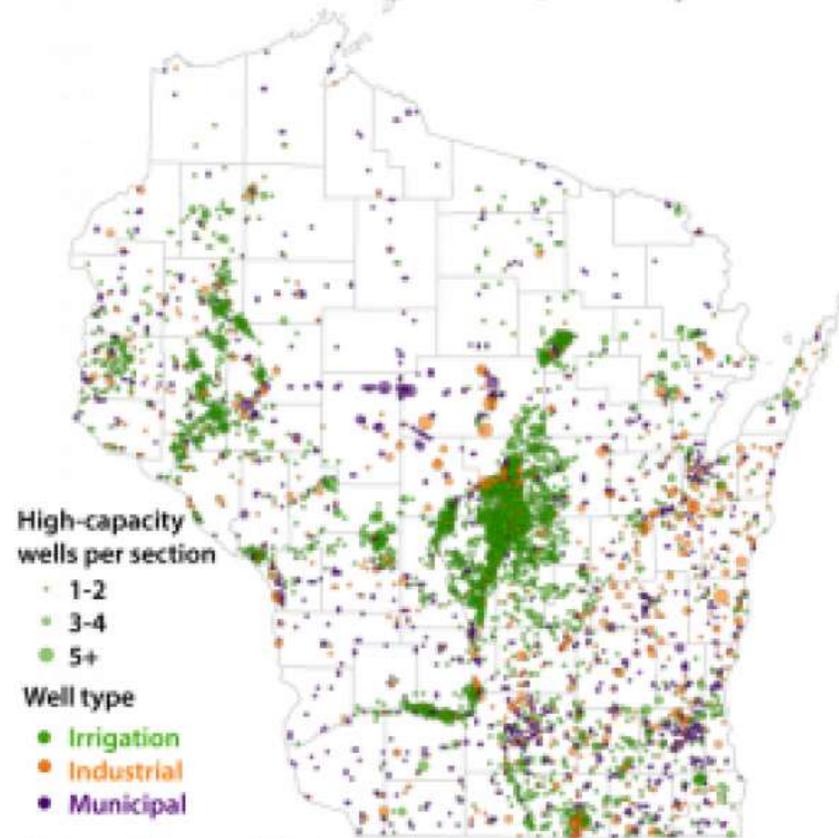


- ▶ Landscape underlain by limestone that has been eroded by dissolution, producing ridges, towers, fissures, sinkholes, and other characteristic landforms.
- ▶ Basically karst is an area where the bedrock is most likely cracked and fractured, which provides a higher risk of groundwater contamination
- ▶ You know it when you see it, some of use know it better than others

Water Quantity

- ▶ Water, water every where, Nor any drop to drink
- ▶ We don't have the water quantity issues that we see out west, but that doesn't stop our regulators
- ▶ Beware of the tight connection between groundwater and surface waters in some regions
- ▶ In Wisconsin, dairy accounts for very little water use, but is involved in a lot of the fights over water

Wisconsin's high-capacity wells



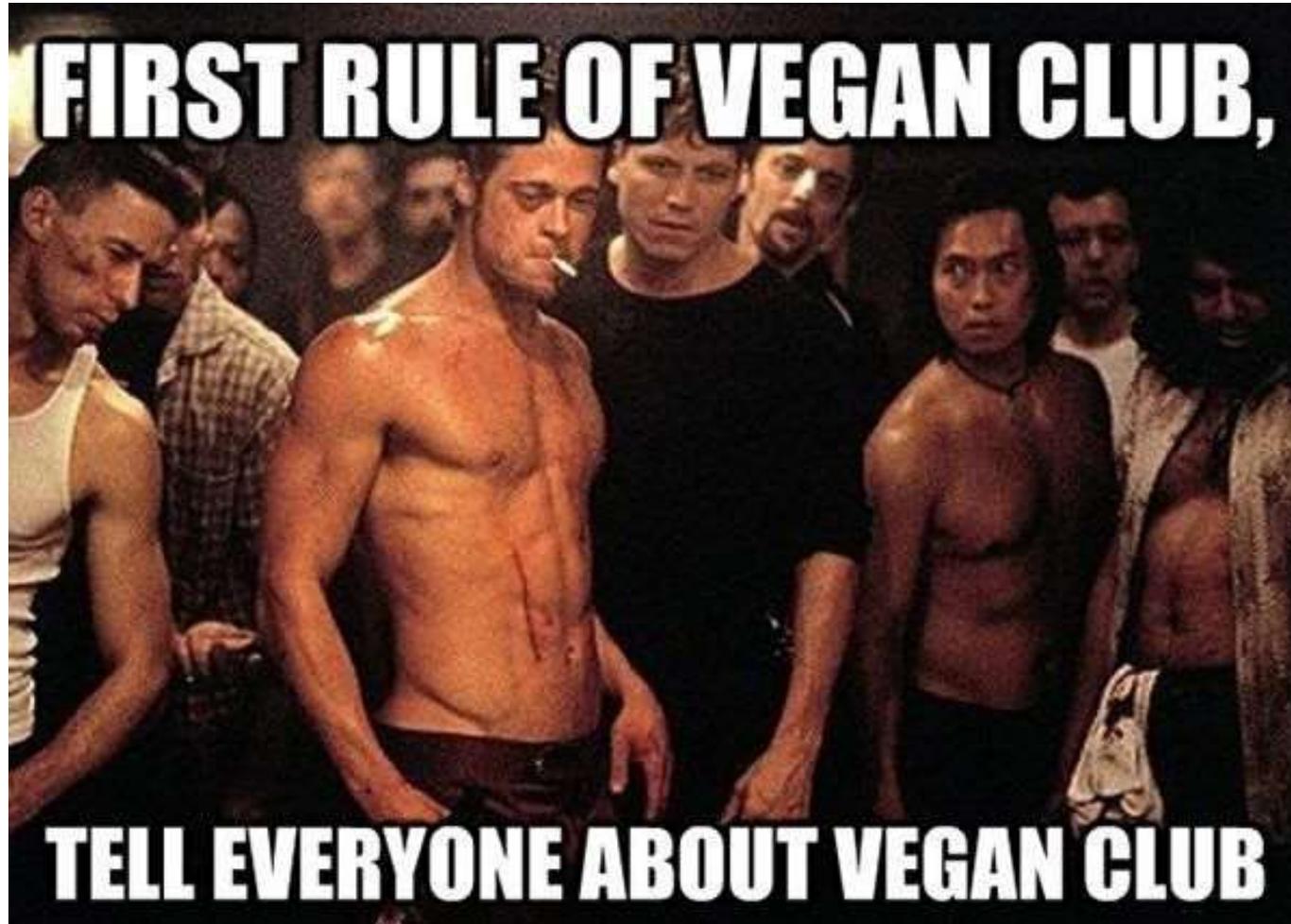
Data: Wisconsin Department of Natural Resources
Credit: Kate Prengarsan/Wisconsin Center for Investigative Journalism

Livestock Facility Siting

- ▶ Wisconsin has a law to try to provide for uniformity
- ▶ It was highly effective, but is less so now
- ▶ More local governments are trying to work around the law
- ▶ We face new moratoria against farms of a certain size
- ▶ Health and safety grounds are used to justify operational ordinances
- ▶ As dairy and other livestock farms continue to grow, this will become more of an issue



Dealing with Public Perception: Who doesn't like Dairy?





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Hope Bohanec, projects manager for **United Poultry Concerns** said, “The term factory farm had its time ... All animal agriculture is bad.” Asked for the term “factory farming” to be retired from the activists’ lexicon.

Dr. Carrie P. Freeman, associate professor, **Georgia State University**, explained that attacking the farming of animals in general and not just large-scale farming is where activists need to focus their efforts. “It’s not fair to farm anyone. Farming itself is unnatural.”

Dallas Rising, executive director, **Animal Rights Coalition**, said “there are a lot of problems with small family farms” and “veganism is not about food, it’s about justice.”

#thestruggleisreal

Kids Aren't the Only Ones Who Get Excited When It Snows...



Quick edit based on some of the feedback this video has been generating:

- ▶ These are not veal calves and this is not a veal facility. It is a family owned and operated dairy farm and these girls are the future of our herd.
- ▶ I love that this video has made so many of you happy, thank you for your positive comments and for sharing it!
- ▶ If this video offends you or evokes in you the desire to post a rant against modern agriculture please consider channeling that energy into something where you can make a real, positive difference in the world. This calf and her friends are warm, dry, and well fed. There are children in your communities who are not. If you really want to make a change in the world start with them. Get food from whatever kind of farm or industry makes you comfortable and donate it to your local food pantry. Make a monetary donation to a program that helps fight childhood homelessness. Volunteer your time this holiday season to help organizations that focus on kids in need. Make a difference.

Questions?

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