

WISCONSIN DAIRY PRODUCER SURVEY



Dear fellow dairy farmer:

In early August, Wisconsin Farmers Union sent the Wisconsin Dairy Producer Survey to every dairy farmer in the state. Hundreds of dairy farmers responded within the first week, and hundreds more completed the survey over the course of the month.

If you've already sent in your survey, thank you! If you haven't, it is not too late to speak up on dairy issues.

Even as the overall Wisconsin dairy industry is growing, the profits are not coming full circle back to the dairy farms where it all begins. Wisconsin Farmers Union is concerned about the great financial stress that the current low milk prices are placing on Wisconsin dairy farms, and is working toward solutions.

There is a better way. Wisconsin Farmers Union believes that by working together, farmers can improve commodity prices, and stabilize farm income over the long run.

This survey is part of our efforts to learn how dairy farmers feel about potential solutions for improving milk prices. Every response is critical if we are to build a better future together. If you haven't sent in a survey yet, please take a moment to fill this copy out, and return it in the enclosed envelope. **Your response is requested by October 31, 2016.**

All survey results will be kept anonymous. Your answers will not be linked to you in any way. If you would like to provide us with your contact information, it will be processed separately from your survey responses and will only be used to follow up with you in the manner that you request.

Please take a moment to fill out the enclosed survey today, so we can start working together to build a better future for Wisconsin's dairy farm families. We know how busy this time of year is for dairy farmers; we thank you in advance for your timely response.

Sincerely,

Darin Von Ruden
Westby, WI dairy farmer
Wisconsin Farmers Union President, on behalf of the WFU Board and Dairy Committee

P.S. If you read over the survey that we sent out in August, you may have noticed certain words missing the letter "i" or "l." This was due to a computer glitch at the company that printed and mailed the survey. They promised us that glitch is fixed now. WFU maintains the highest of standards for all work we produce, and we appreciate your understanding on this matter.

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WISCONSIN DAIRY PRODUCER SURVEY



ABOUT YOUR FARM

1) Year that you started farming: _____

2) In addition to dairy farming, do you do any of the following? (Check all that apply.)

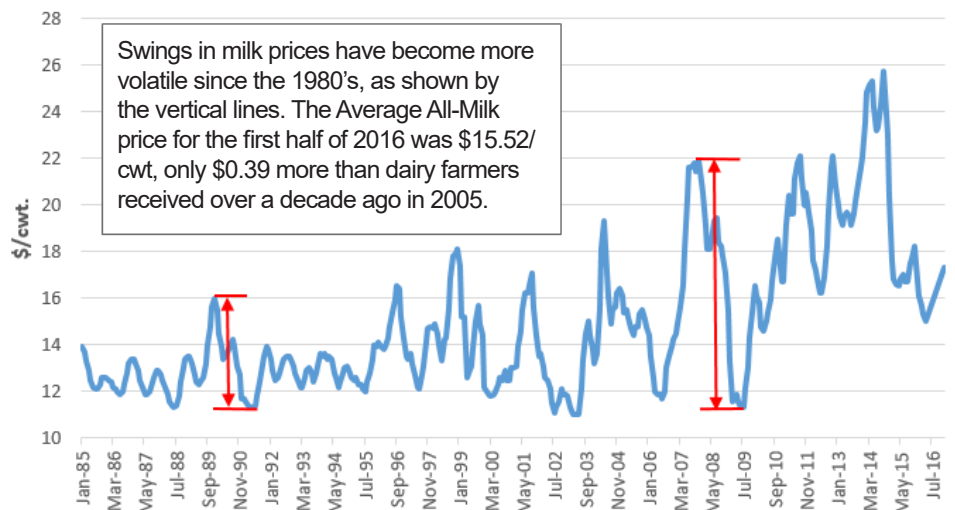
- | | |
|---|---|
| <input type="checkbox"/> Raise bull calves or steers | <input type="checkbox"/> Raise other livestock (please specify) _____ |
| <input type="checkbox"/> Sell cash grain, hay, or other forages | <input type="checkbox"/> Rent farmland to other farmers |
| <input type="checkbox"/> Sell breeding stock, embryos, bulls, etc. | <input type="checkbox"/> Custom crop work for other farmers |
| <input type="checkbox"/> At least 1 household member works off farm | <input type="checkbox"/> Other (please specify) _____ |

PRICE SWINGS & OVER-PRODUCTION MANAGEMENT

The dairy market is currently experiencing more dramatic price swings than ever before. As the graph at right shows, milk prices were relatively stable in the early 1980's. Over the course of that decade, however, the federal government reduced the milk support price by 47%, down to \$10.10 by 1990. As the support price fell, market volatility grew.

According to the United States Department of Agriculture, a high degree of volatility can make it more challenging to maintain a farm business plan, to pay off debt and to maintain solvency.

US All-Milk Price 1985-2016



Source: USDA, National Agricultural Statistics Service

3) Have the growing swings in dairy prices since the 1980's caused any of the following on your farm?

- ☐ Discouraged the next generation from farming
- ☐ Made it more difficult for you to obtain financing
- ☐ Prevented you from investing in needed equipment
- ☐ Caused you to lay off employees, reduce their hours or pay, or delay hiring new employees
- ☐ Lowered the quality of care or nutrition for your herd
- ☐ Forced an unplanned facility upgrade or herd expansion to increase milk volume
- ☐ Prompted over-investment when prices were high, followed by difficulty paying back loans when prices dropped
- ☐ Impacted your health from undue stress
- ☐ Caused you to consider exiting from dairy farming

4) Use the space below to describe how unpredictable milk prices have affected your dairy farm:

5) In light of growing uncertainty in dairy prices, how confident are you that you or someone from your family will still be farming on your farm in 5 years?

Not At All Confident

Somewhat Confident

Very Confident

1

2

3

4

5

One main reason for declines in milk prices is the “boom-bust cycle.” When milk prices are high, dairy farmers expand capacity. With this new milk production, supply then exceeds demand, and prices drop. This year, processors around the country have been dumping milk because they do not have the capacity to process or sell it. Wisconsin will likely lose hundreds of dairy farms in 2016 if prices remain below the cost of production.



Overproduction Management may:

- **Raise** milk prices during low price periods
- **Reduce** price volatility
- **Reduce** government expenditures

Federal dairy policy could be doing more to help farmers match supply with demand, and avoid these kinds of “boom and bust” cycles. Research shows that implementing overproduction management measures such as tiered pricing at the federal level could help raise milk prices during periods of low prices, reduce boom-and-bust price volatility, and reduce government expenditures on farm support programs.

6) Would you support implementing overproduction management measures if they raised milk prices during the most serious periods of decline, reduced price volatility, and reduced government expenditures?

_____ YES

_____ NO

7) What questions do you have about overproduction management at the federal level?

The 2014 Farm Bill initially contained a Dairy Market Stabilization Plan, which was designed to raise producer margins by encouraging farmers to voluntarily reduce milk production if prices were to dip too low. This was a form of overproduction management. In the final stages of Farm Bill negotiations, however, the Dairy Market Stabilization Plan was stripped from the final version of the 2014 Farm Bill.

8) In the next Farm Bill, should Congress insist that meaningful overproduction management be incorporated in any price support program, so the market does not become flooded with oversupply and drive down milk prices? _____ YES _____ NO

9) Should the state of Wisconsin be working to manage oversupply of milk during periods of low prices, rather than incentivizing even greater milk production in the state?

_____ YES _____ NO

10) Use the space below to share any additional thoughts or comments about how the dairy industry might prevent the kind of oversupply that we are currently experiencing that is driving prices down.

11) When considering a federal dairy program, how important are each of the following on a scale of 1 (not at all important) to 5 (very important)?

- _____ Provides more stable market prices
- _____ Provides relief in the event of natural disasters
- _____ Provides a support price above the cost of production, in exchange for limiting output
- _____ Makes it easier to maintain cash flow in crisis periods
- _____ Leads to milk prices that are above the cost of production a greater percentage of the time
- _____ Program is fiscally responsible

MARGIN PROTECTION PROGRAM

In 2014, the federal Farm Bill programs for dairy farmers shifted from the Milk Income Loss Contract (MILC) payments to the Dairy Margin Protection Program (MPP). During sign-up, producers are able to select margin protection coverage from \$4 per cwt to \$8 per cwt, in 50-cent increments and protect from 25 percent to 90 percent of their production history, in 5% increments.

12) Did you sign up for the MPP? _____ Yes _____ No

13) As of this date have you received any payments from the MPP? _____ Yes _____ No

14) Is the MPP successfully supporting you/your farm during this low price period? _____ Yes _____ No

15) Please share thoughts or suggestions you have about the MPP Program:

TRADE

Trade agreements ratified in recent decades such as NAFTA and the Korea Free Trade Agreement have promised U.S. farmers increases in farm income and more rural economic activity. However, studies show that these promises have largely been unfulfilled. In fact, ag imports have surged while exports lagged behind, hurting U.S. farmers.

Now Congress is proposing yet another free trade agreement, the Trans-Pacific Partnership (TPP). Wisconsin Farmers Union believes that the TPP, a global trade agreement among 12 Pacific Rim countries, poses a serious threat to dairy farmers. Among other concerns, the TPP would lead to greater imports of Milk Protein Concentrates (MPC's), which displace demand for U.S. milk. New Zealand, the world's leading exporter of MPC's, is a member of the TPP.

16) Should members of Congress reject or place a moratorium on the Trans-Pacific Partnership until concerns about imported Milk Protein Concentrates and other low-cost imports have been resolved?

_____ YES _____ NO

The TPP includes three known currency manipulators: Japan, Singapore, and Malaysia. These countries use state-owned banks to buy up U.S. dollars, so that their currencies stay cheap and the U.S. dollar stays expensive. The TPP contains voluntary measures, but no binding provisions, to curtail currency manipulation. Currency manipulation drives up our trade deficit, reduces our Gross Domestic Product by hundreds of billions of dollars, undermines U.S. job growth, and increases the U.S. federal deficit.

17) On a scale of 1 (not at all concerned) to 5 (very concerned), how concerned are you about the U.S. entering into trade agreements with known currency manipulators?

Not At All Concerned Somewhat Concerned Very Concerned

1 2 3 4 5

The TPP contains a provision entitled Investor-State Dispute Resolution (ISDR), which allows foreign corporations to sue the U.S. government in international court. Through ISDR, an unaccountable international court could overturn laws passed by our democratically elected Congress, if the international court finds those laws are a barrier to trade.

18) On a scale of 1 (not at all) to 5 (very) how concerned are you about this loss of U.S. sovereignty?

Not At All Concerned Somewhat Concerned Very Concerned

1 2 3 4 5

19) Use the space below to share any additional thoughts or comments about what you think a trade deal that protects the interests of family farmers would contain.

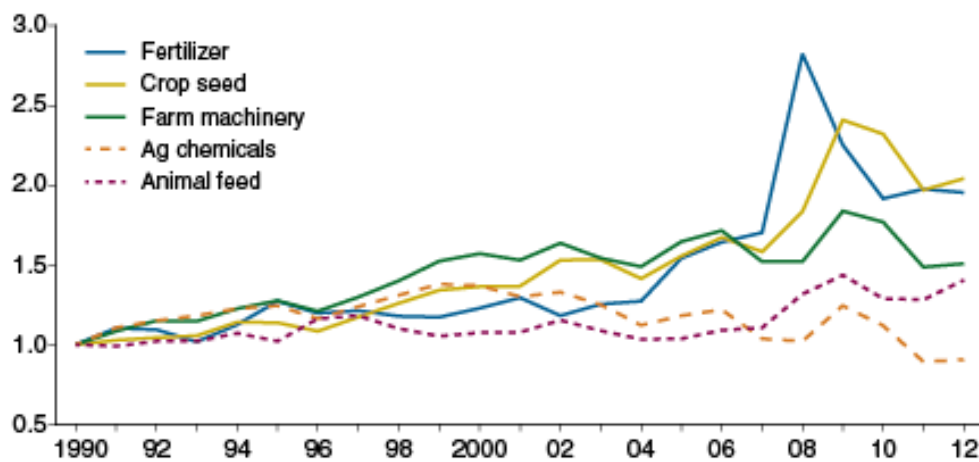
AG CONCENTRATION

Markets for agricultural inputs have become increasingly concentrated in recent decades. Three firms now control over half of the global seed market, up from 22% in 1996. The same three firms also control more than a third of the global pesticide market. Four firms control 80% of the U.S. beef market. One firm, New Zealand's Fonterra, controls a third of the world's dairy trade.

Consolidation in ag markets is harmful to family farms. A 2009-2014 analysis of the state's dairy industry showed Wisconsin dairy farmers made, on average, only 3 cents per gallon over their cost of production.

Agricultural input prices have risen faster than farm commodity prices in the U.S.

Index of agricultural input relative to output prices



Prices paid by U.S. farmers for farm inputs divided by prices received for farm commodities (indexes, 1990=1.00).

Source: USDA, Economic Research Service.

20) Federal and state regulators should enforce and strengthen existing legislation to ensure fair market pricing and to avoid non-competitive monopolistic market control.

_____ AGREE _____ DISAGREE

21) Use the space below to share any additional comments about how concentration in agricultural markets has affected your operation.

FOREIGN & CORPORATE OWNERSHIP OF WISCONSIN FARMLAND

Anti-corporate farming laws have recently come under attack in Missouri, Kansas, South Dakota, North Dakota, Nebraska and Iowa. In 2013, Wisconsin Farmers Union took the lead in persuading the legislature to turn back the governor's attempt to eliminate the state law that prohibits foreign corporations from owning large tracts of farmland.

Note: These laws are not intended to ban family farm LLCs or other family farm corporations; rather, they are aimed at non-farmer corporate ownership by foreign or domestic corporations.

22) Should farm organizations like Wisconsin Farmers Union continue to stand up for laws that limit foreign and corporate ownership of farms? _____ YES _____ NO

23) Is there anything else you would like to share about foreign or corporate ownership of Wisconsin farmland?

ABOUT YOUR FARM

24) How many cows do you milk (do not include dry cows)? _____

25) I estimate my cost of production for a cwt of milk to be \$_____

26) The current milk price I receive is \$_____ **per cwt.**

27) Do you have any certifications, such as organic, that affect your milk price? _____

28) How many acres of crop land do you own? _____ **acres**

29) How many acres of crop land do you rent or lease? _____ **acres**

30) Has your access to rented crop land changed in the past 5-10 years? _____ **Yes** _____ **No**

31) If you answered YES to the previous question please explain:

THANK YOU FOR YOUR TIME!

Let's keep in touch! Check one or more of the following boxes to connect with Wisconsin Farmers Union. You can also stay up-to-date on our dairy policy work by following Wisconsin Farmers Union on Facebook.

- ☐ I'd like to get updates on dairy campaign activities in Wisconsin and other states.
- ☐ Please let me know about locations and dates for future Dairy Farm Forums throughout the state.
- ☐ I would like to become a Wisconsin Farmers Union member; my \$30 annual membership dues are enclosed.
- ☐ I would like to receive a summary of the survey results.

If you checked any of the boxes above, please provide your contact info below. Your information will be kept separate from your survey responses. You may include this sheet along with your survey, or send it in a separate envelope.

Name(s): _____
Farm name: _____
Street Address: _____
Email: _____ Phone: _____

Please check all that apply to your farm:

- | | |
|----------------------------------|--|
| <input type="checkbox"/> Dairy | <input type="checkbox"/> Goats |
| <input type="checkbox"/> Beef | <input type="checkbox"/> Fruits/vegetables |
| <input type="checkbox"/> Hogs | <input type="checkbox"/> Grain/cash crops |
| <input type="checkbox"/> Poultry | <input type="checkbox"/> Organic |
| <input type="checkbox"/> Horses | <input type="checkbox"/> Grass-based/grazing |
| <input type="checkbox"/> Sheep | <input type="checkbox"/> Other _____ |

Wisconsin Farmers Union is a member-driven organization committed to enhancing the quality of life for family farmers, rural communities, and all people through educational opportunities, cooperative endeavors, and civic engagement. Your survey answers will help guide our work on dairy policy leading up to the next Farm Bill.

Want to learn more about how to get involved?

Visit www.WisconsinFarmersUnion.com or like Wisconsin Farmers Union on Facebook.



UNITED TO GROW FAMILY AGRICULTURE

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