

## The Current Situation with Wisconsin Agriculture

by Roger T. Williams (updated April 2022)

### The Dairy Farm Situation

For decades, Wisconsin has been known as “America’s Dairyland;” in fact, our license plates proudly make this claim! But, over the past few years, the pay price for farmer’s milk has plummeted to 67-75% of what it was in 2014: \$16-19 per hundredweight for the past five years compared with \$24.50 per hundredweight in 2014. The recent Covid-19 pandemic helped to shred the pay price for milk. Approximately 90% of the milk produced in Wisconsin is made into cheese--especially mozzarella--and ends up on pizza. The closure of restaurants and schools and the suspension of other social activities greatly reduced the demand for milk **and** cheese creating a glut of milk in our state.

In 2020, many dairy farmers were asked to reduce their milk production; some dumped their milk and others culled their herds to reduce their production by 20%. Milk prices rebounded in June and July 2020 due to production cuts and the re-opening of restaurants, but prices tapered off by December 2020. This brief rebound in milk prices helped to foster optimism in dairy farmers, but 2-4 months of stronger milk prices does not offset five years of extremely low prices.

As a result of low milk prices, Wisconsin is losing dairy farms at a rapid rate. We were losing about 500 dairy farms a year until 2018 and 2019 when the number escalated to 691 and 818 (respectively) dairy farms lost in our state. In short, the number of dairy farms decreased from over 16,000 in 2003 to around 6,500 today (this is down from over 180,000 dairy farms in Wisconsin during our peak in 1935!). It’s a matter of simple economics: the pay price for milk just doesn’t offset the rapidly escalating costs of farm expenses, including seed, fertilizer, fuel, machinery, cattle and

land; fuel and fertilizer costs are dramatically higher in 2022.

Frank Friar and Mike Lochner at the Wisconsin Farm Center (Wisconsin Department of Agriculture, Trade and Consumer Protection or DATCP) estimate that the cost of producing milk in Wisconsin is \$20 to \$25 per hundredweight, depending on whether the farm has a mortgage and/or high levels of debt. Their Farm Assistance Hotline is getting repeat callers (farmers that have called in previous years). Some are sounding depressed and expressing thoughts of suicide...something farmers are usually reluctant to do. The January 27, 2019 issue of the [Wisconsin State Journal](#) highlighted the growing issue of farm suicides in Wisconsin. And a Centers for Disease Control and Prevention study in 2020 reported that agricultural workers have a suicide rate of 36.1 per 100,000, 2.6 times the average for the general U.S. population (13.9 per 100,000). To partially address this situation, our state budget now includes \$100,000 per year for a farmer wellness program within the Wisconsin Farm Center, including telephone counseling, counseling vouchers, podcasts and on-line support groups for farmers and farm couples.

The underlying problem is an imbalance between our supply of milk and the demand for milk and milk products. Something can be said about each side of this equation. On the demand side, the milk price plunge was largely explained by weakening export demand prior to Covid-19 and to weakening domestic demand due to restaurant and school closures after March 2020. In 2015, export demand dropped dramatically due to a stronger U.S. dollar and competition from European milk; then, in 2017, these forces were compounded by the trade wars between the U.S. and China, Canada

and Mexico which placed tariffs on our dairy exports. The shutdown of much of the U.S. economy due to Covid-19 was dramatic and totally unexpected. 2020 was predicted to be a good milk price year for dairy farmers...a chance to rebound a bit from low prices of the past five years. But milk prices were low in early 2020 and the mid-year rebound was brief due to Covid-19 and reduced demand for milk products.

Several things can also be said about the supply side of the equation. First, Governor Scott Walker, trying to beat out California as the dairy state, created a program to boost annual dairy production to 30 billion pounds of milk by 2020; this goal was met by 2016, helping to flood the milk market since then. Second, milk production per cow has more than doubled since 1970 due to genetics, feeding and better management; the Wisconsin herd average is now 24,152 pounds of milk a year. Third, while the average number of cows per dairy herd hovers around 195, the number of CAFOs (Concentrated Animal Feeding Operations with 500 or more cows) has more than doubled: from 146 in 2005 to over 295 today. And fourth, there are no disincentives for producing more milk until recently when dairies placed caps on milk production. Thus, when prices are low, farmers tend to seek more income by producing more milk and when prices rise, they tend to produce more milk to capture the higher prices.

There are at least three initiatives aimed at improving the imbalance in the supply of milk and the demand for milk and milk products in Wisconsin. These can be briefly summarized as follows:

- 1) Mark Stephenson, head of UW-Madison's Center for Dairy Profitability, led a Wisconsin Dairy Task Force 2.0 study group. This was a joint effort between the UW and DATCP with the following focus: To study the dairy industry and come up with recommendations "to maintain a viable and profitable dairy industry in Wisconsin." The study group proposed 51 recommendations to strengthen Wisconsin's dairy industry, from "Recognizing the importance of exports" to "Increasing demand for fluid milk consumption in schools" and "Creating a UW Dairy Innovation Hub."

- 2) Senator Howard Marklein and Assemblyman Travis Tranel introduced bills in the state legislature to create a Dairy Innovation Hub: University-based research and development projects at UW-Madison, UW-River Falls and UW-Platteville. The bill was passed and signed into law; Wisconsin is now supporting the Dairy Innovation Hub with \$7.8 million in funding annually.
- 3) The Wisconsin Farmers Union, in partnership with the Wisconsin Farm Bureau Federation and the National Farmers Organization, has launched a "Dairy Together" initiative that is creating a nationwide coalition of dairy farmers in support of a milk supply management policy as part of the 2023 Farm Bill. This initiative would do several things: be managed by dairy farmers, allow for new farmer entry, slow growth of milk production, enhance milk prices while reducing variation in prices, increase net farm income, make the U.S. a more consistent supplier of milk in the world market, and not cause a significant increase in consumer prices. Dairy farmers and their allies will need to speak with a unified voice if the Dairy together initiative is to be incorporated in the 2023 Farm Bill!

### **Other Notable Issues/Developments**

- 1) **Additional Agricultural Enterprises:** It's not just the dairy industry that is struggling financially. While prices for hogs, beef, corn and soybeans have risen in 2021, they have been depressed for five years. Hog prices, for example, have been down 35-40% and beef prices have been down 20-30% during 2015 to 2020 compared with their peak in 2014. Similarly, corn prices were off 40-50% and soybean prices were off 30-35% during 2015 to 2020 compared with their peak in 2012. With these depressed commodity prices and rapidly rising costs for farm inputs (seed, fertilizer, fuel, machinery, cattle and land), many Wisconsin farmers are struggling financially.
- 2) **Lack of Investments:** Since margins have been thin and, in some cases, non-existent, many Wisconsin farmers have not been making regular investments in their farming operations.

As a result, many are farming with machinery that is decades old, with tractors that don't have Roll-Over-Protective Structures (ROPS) and with machinery that lacks appropriate guards for power take-off shafts. The U.S. Bureau of Labor Statistics considers farming to be the most dangerous job in America with twenty-three deaths per 100,000 workers. The job becomes even more dangerous without ROPS on tractors and adequate guards for power take-off shafts. Investments in farm buildings have also suffered during this turndown in the farm economy. Farm productivity, efficiency and safety are dependent on regular investments and modernization efforts with buildings and other farming facilities.

- 3) **Climate Impacts:** Climate issues have a dramatic impact on farmers. The wettest year in the recorded climate history of Wisconsin occurred in 2019. This made it difficult for farmers to get their crops planted in the spring, to harvest hay in the summer and to harvest corn and soybeans in the fall; this created major shortages of hay during the winter of 2019-20. 2020, on the other hand, was a good cropping year: farmers were able to get crops planted early and warm weather plus mostly adequate rainfalls fostered good crops for 2020. 2021 was an extremely hot and dry year, especially in the far northern counties which experienced severe drought leading to feed shortages.
- 4) **Livestock Siting Regulations:** There is controversy over DATCP's siting procedures for large livestock facilities. The original livestock siting law was passed in 2004 to provide uniform local regulation for new or expanding livestock facilities. Proposed changes would update regulations for manure storage facilities, update standards for runoff from feed storage and animal feeding lots and incorporate a new system for managing animal odors. The Dairy Business Association, Professional Dairy Producers of Wisconsin, Wisconsin Manufacturers and Commerce and other organizations have argued that the proposed changes are largely unworkable and unfair and that they would prevent expansion of dairy

herds in Wisconsin. The Wisconsin Land and Water Conservation Association, which represents land conservation departments across Wisconsin, is supportive of the proposed changes, arguing that the standards are vital tools to ensure farms are managed responsibly and in ways that protect water quality. Other conservation organizations and numerous local citizens have been supportive of proposed regulations and procedures, due to concerns about odors and manure problems associated with CAFOS (Concentrated Animal Feeding Operations). The DATCP Board did not bring the proposed changes to a vote, so the original siting procedures are still in effect. Yet the regulations will be up for review in 2022 and there will be listening sessions with opportunities for public comment.

- 5) **Manure and Water Quality:** On the issue of CAFOs and manure, it's clear that the liquid manure used in huge animal operations presents a threat to water quality, especially in the central sands area of Wisconsin and in areas where karst (semi-permeable dolomite) is the bedrock underlying soil. Karst geology underlies much of southern Wisconsin, extending in a V shape along the western side of the state as far north as Polk County and along the eastern side as far north as Marinette and Door Counties. Liquid manure can leach through sand and karst into the ground water below, contaminating the water table with nitrates and coliform bacteria. This has been most evident in Kewaunee County where karst is the underlying bedrock; there are large numbers of CAFOs with cattle outnumbering people 5:1 and more than 60% of wells sampled were contaminated. Recent studies also show that 60% of private wells in Iowa, Grant and Lafayette Counties are contaminated. The Wisconsin Center for Investigative Journalism found that manure is a public health problem for over 100,000 Wisconsin families. Thus, it is significant that Governor Tony Evers is promoting policies for clean drinking water in Wisconsin. Our Food, Faith and Farming Network (FFFN) Seed Money grants have supported three projects that are having an impact on water quality and

conservation: the Grant County Rural Stewardship project, the Southwest Wisconsin Grasslands Network and Pecatonica Pride Water Action Volunteer Stream Monitoring.

- 6) **The Next Generation of Farmers:** Three of the biggest issues raised at FFFN's Rural Listening/Networking Sessions in the spring of 2018 were "Transitioning farms from older farmers to the next generation," "Providing young farmers access to land and resources" and "Providing mentors to new/young farmers." There was great concern for where the next generation of farmers would come from, how they would obtain the land and other resources needed for farming and how the knowledge base of older farmers might be transferred to this younger generation. These concerns become even more significant with the now rapid exodus of dairy farmers due to low milk prices and rapidly escalating farm expenses.
- 7) **Lack of Access to Food in Rural Communities:** Another significant issue raised at our listening sessions was "The existence of food deserts in small, rural communities." We usually think of food deserts as an urban issue, but we learned that Richland County does not have a single grocery store in the entire county. And other rural counties have extremely limited options for food; many rural residents must travel great distances to purchase food at large chain grocery stores in urban centers or accept the food options available at "quick marts" affiliated with local gas stations. Thus, another significant issue raised in our Rural Listening/Networking sessions—"Granting local farmers access to local food markets"—is such an important issue for local farmers as well as for consumers in small, rural communities. Our FFFN Seed Money has been supporting Farmers Markets in Dodgeville and Prairie du Chien to aid local farmers and offer local and sustainably produced food in rural communities.
- 8) **Lack of High-Speed Internet in Rural Areas:** More than 410,000 people in rural areas of Wisconsin lack access to high-speed internet (over 25% of rural residents) and this limits opportunities for equal participation in our modern, internet-driven world. This became especially apparent during Covid-19 when large numbers of people were working or schooling from home and the limits of their internet were severely tested. Farmers are impacted in powerful ways since many of their inputs now need to be ordered on-line. This was another issue raised at our listening sessions. Our 2021-23 state budget is addressing this issue by making a \$129 million investment in rural high-speed internet; the federal infrastructure bill also includes funding for rural internet expansion.
- 9) **Farmer Wellness Initiatives:** The Southwest Wisconsin Community Action Program is providing a farmer wellness and suicide prevention service in southwest Wisconsin (FarmWell, WI), offering counseling and peer support services for farm families in that area of the state. And the Farmer Angel Network is offering educational and peer support services to farm families in southwestern Wisconsin, aimed at enhancing farmer well-being and preventing farm suicides. Both initiatives have received Seed Money grants from our Food, Faith and Farming Network to support their important work.
- 10) **Wisconsin Farm Support Initiatives:** Our state offered Wisconsin Farm Support Payments of \$2,500 per Wisconsin farm to offset losses incurred during 2020 and 2021 due to Covid-19. Farmers needed to have gross farm incomes of \$10,000 to \$5 million to qualify for the payments and \$50 million was paid out to about 20,000 Wisconsin farm families. In addition, Wisconsin Act 92 was recently signed into law which directs DATCP's International Agribusiness Marketing unit to work with Wisconsin's Economic Development Corporation to increase the value of Wisconsin's dairy, meat, crop and other exports 25% by 2026. This initiative should foster international relationships that enhance agricultural exports over the long-term future.