



2010 Dairy Producer Survey

Cooperating with Wisconsin Department of Agriculture, Trade and Consumer Protection

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October 2010

Survey Methodology

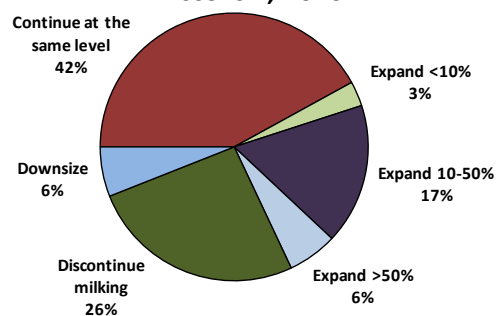
In August and September 2010, Wisconsin milk producers were asked to give input on their dairy operations. This was the fourth time in the last eight years that dairy farmers were asked about current issues and the future of their operations.

A random sample of 3,000 dairy farms, stratified by six herd size categories, was selected. After two mailings, surveys were returned by 31 percent of these dairy farmers. Based on their herd size, data was expanded to account for all dairy operations in the state.

Future Plans and Investments

Nearly three quarters of current Wisconsin dairy farmers plan to be milking in 2015. Of the total milk producers, over 40 percent plan on keeping the same number of milk cows, while about a quarter will increase their herd size. These numbers are almost identical to survey results from a similar 2007 survey. For those who discontinue milking, economic conditions, retirement, and shifting to other agricultural activities will be the most common reasons.

Dairy Producers' Plans for Next 5 Years
Wisconsin, 2010



Wisconsin dairy operations spent \$1.41 billion on improving their dairy facilities from 2006 to 2010. (This amount does not include investments in cattle or land.) This likely reflects good economic times in the first half of the five year period. Over the next five years, dairy farmers plan on spending \$1.18 billion on investments for new facilities and upgrades, although several expressed uncertainty about their ability to get credit for future projects. Investments in dairy cow housing account for close to half of the total for both time periods.

Investments in Dairy Facilities, by Herd Size, Wisconsin, 2006-2010

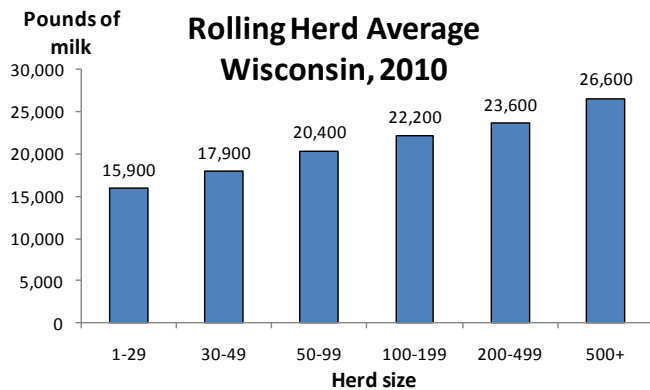
Herd size	Dairy cow housing	Feed handling/storage	Milking system	Manure handling/storage	Total
1,000 Dollars					
1-29	3,600	2,860	1,570	1,660	9,690
30-49	13,220	9,630	4,220	4,550	31,620
50-99	96,420	45,130	32,860	27,360	201,770
100-199	112,360	39,800	42,260	36,540	230,960
200-499	174,360	37,100	78,620	51,340	341,420
500+	282,890	130,000	59,370	122,960	595,220
Total	682,850	264,520	218,900	244,410	1,410,680

Expected Investments in Dairy Facilities, by Herd Size, Wisconsin, 2011-2015

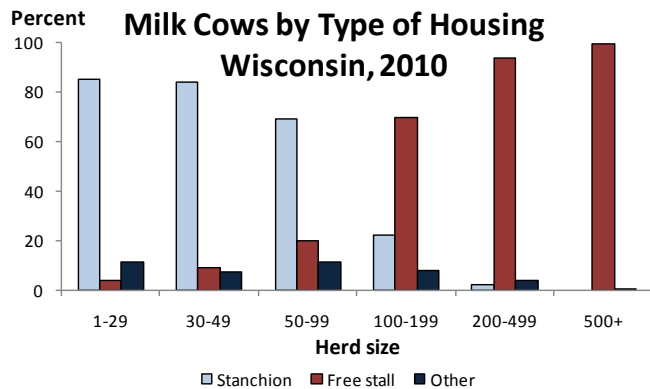
Herd size	Dairy cow housing	Feed handling/storage	Milking system	Manure handling/storage	Total
1,000 Dollars					
1-29	3,550	1,650	810	870	6,880
30-49	8,760	6,250	3,450	6,010	24,470
50-99	84,090	25,380	31,460	23,030	163,960
100-199	75,480	26,290	51,480	37,890	191,140
200-499	119,870	55,440	90,670	81,460	347,440
500+	243,690	49,540	61,480	91,480	446,190
Total	535,440	164,550	239,350	240,740	1,180,080

Farm Characteristics & Practices

Dairy farmers were asked to report on different characteristics and practices that they use on their farms. Regardless of herd size, approximately 29 percent of milk cows are first calf heifers or dry cows. The reported rolling herd average was 22,900 pounds, with larger herds producing more milk.



For housing their cows, 60 percent of operations have stanchion barns and 45 percent have free stalls. Seventeen percent have some other type of housing including tie stall barns and loose housing with bedded pack, as well as those who keep their cows outside year round. Some farms house their cows in more than one type of facility. Stanchion barns are more common on smaller operations, while free stall barns are more widespread on larger operations. Thus, a majority of the cows in the state are housed in free stall barns.



Sexed semen is used by a little more than one quarter of the respondents. An additional 4 percent plan on using it in the next five years. Overall, 18 percent of operations are currently using Posilac™ (also known as rBST/BGH). On these operations about 56 percent of the milking cows are being treated.

Dairy Operations Using Sexed Semen, Wisconsin, 2010

Herd Size	Currently use	Plan to use in next 5 years	
		Percent	
1-29	4	6	
30-49	14	17	
50-99	24	29	
100-199	36	41	
200-499	44	52	
500+	61	62	
Total	28	32	

Dairy Operations Using Posilac™ (rBST/BGH) Wisconsin, 2010

Herd Size	Currently use	Cows treated
	Percent	
1-49 ^{1/}	2	38
50-99	9	43
100-199	25	56
200-499	37	59
500+	73	65
Total	18	56

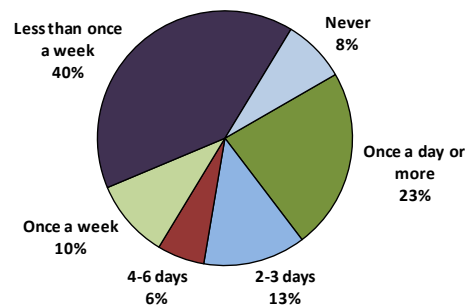
^{1/}Herds with 1-29 and 30-49 cows combined to avoid disclosing individual information.

Respondents were asked to report if grazing accounts for any of their milk cow ration, and, if so, what percent of their ration is supplied by fresh pasture (excluding greenchop). About one-third of operations graze their milk cows at least part of the time. For those that graze, almost 40 percent of the cows' rations comes from fresh pasture.

Grazing on Dairy Operations, Wisconsin, 2010

Herd Size	Operations	Fresh pasture ration on operations that graze	
		Percent	
1-29	77	56	
30-49	58	43	
50-99	39	32	
100-199	16	31	
200-499	9	21	
500+	0	NA	
Total	36	39	

Pasture Rotation on Dairy Operations that Graze Wisconsin, 2010



Sixty percent of respondents reported having some sort of manure storage on their operation, ranging from about one-third of the smallest operations to almost all of the largest operations. Some operations have more than one type of storage facility, but few have any type of artificial covering over them.

Manure Storage on Dairy Operations, Wisconsin, 2010

	Operations	Covered with artificial cover	
		Percent	
Cement-lined basin/lagoon	17	8	
Earthen-lined basin/lagoon	18	6	
Deep pit	4	33	
Above ground tank	4	6	
Manure pile	18	1	
Other structures	4	18	

Health Insurance

Health insurance is a concern for many farmers. Respondents indicated that 89 percent of both themselves and their spouses had some coverage. About 84 percent of dependent children were covered. Larger dairies had higher levels of coverage. Some respondents received coverage from more than one source.

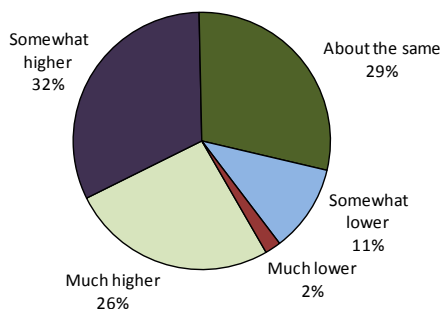
- 50% of respondents purchased insurance directly from an insurance company or agent.
- 31% received coverage as a benefit of off-farm employment.
- 15% received coverage from a federal program (including Medicare, Medicaid, and veteran benefits).
- 14% received coverage from a state program (including the Health Insurance Risk-Sharing plan and BadgerCare).

Over 80% of respondents received some level of coverage for preventive care, doctor's office visits for illness or injury, hospital stays, and prescription drugs. However, many did state that they need to meet very high deductibles (sometimes thousands of dollars) before they receive any coverage.

Financial Issues

Over the past two years, dairy farmers experienced a variety of problems as a result of low milk prices and tight credit. About one quarter of the respondents had much higher debt on their farms when compared with two years ago, before the financial crisis started. Dairy farms with a farm debt to asset ratio of greater than 40 percent increased from 12 percent on January 1, 2008 to 32 percent on January 1, 2010.

Current Farm Debt vs. Debt Before Financial Crisis, Wisconsin Dairy Farms, 2010



- 53% were unable to pay farm input suppliers on time.
- 41% of respondents reported they were unable to meet basic living expenses.
- 26% were unable to make farm loan payments.
- 19% were unable to borrow money necessary for the farm operation.
- 31% experienced no serious problems.

Almost three-quarters of respondents, 73 percent, hold some type of long-term loan from a lending institution, while 68 percent hold short-term loans. Twenty eight percent carry credit card debt, while 26 percent have received loans from family members or friends. Seventeen percent have debt from a government program, such as FSA guaranteed or direct loans, and 17 percent have received advances from feed suppliers.

Ratio of Farm Debt to Assets on Dairy Operations Wisconsin, 2010

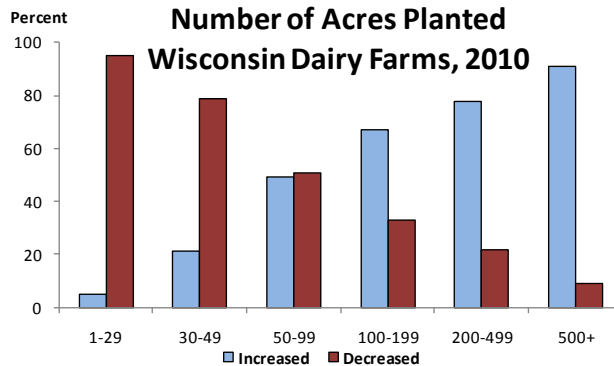
Date	Less than 10%	10-40%	Greater than 40%
January 1, 2008	37	51	12
January 1, 2010	24	44	32

The current financial situation affected many choices made on dairy farms in 2010:

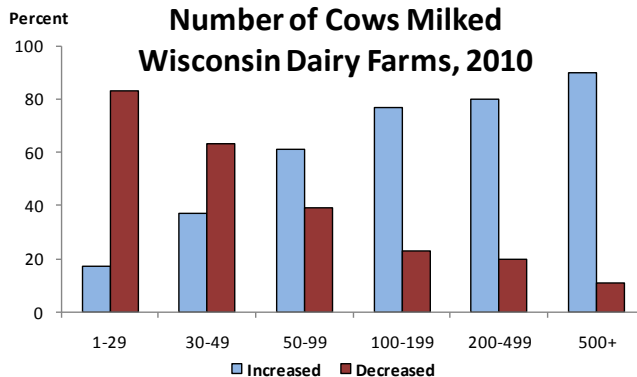
- 75% of respondents postponed other investments in farm animals, buildings, or land.
- 70% reduced expenditures for farm inputs (such as chemicals, fertilizers, or seed).
- 66% reduced family living expenses.
- 49% borrowed more money to cover operating expenses.
- 22% postponed plans to retire or transfer the farm to the next generation.
- 16% increased off-farm employment by household members.
- 13% decided to get out of dairy farming in the near future.
- 11% decided to use forward contracts to lock in prices for more of their future milk production.
- 3% sold some farmland.

For dairy farmers that made changes to their operations in 2010, a majority planted more acres and milked more cows in response to the current financial situation. In addition, 92 percent of those who made a change in their operation decreased the number of paid workers, 90 percent planted less expensive varieties of seed, and 93 percent postponed major expansion or modernization plans.

Number of Acres Planted Wisconsin Dairy Farms, 2010



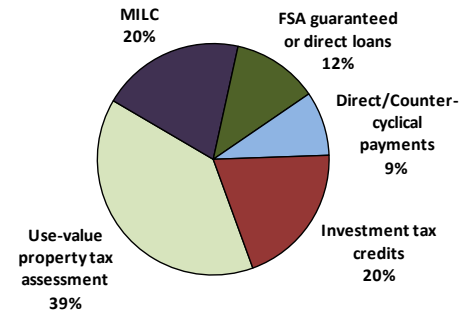
Number of Cows Milked Wisconsin Dairy Farms, 2010



Policy Issues

There are many state and federal policies and programs that affect dairy farmers. Respondents were asked whether or not they agree with these policies and how their farms are impacted by them. When asked to rank the importance of 5 government programs (use-value property tax assessment, the Milk Income Loss Contract (MILC) program, FSA guaranteed/direct loans, direct and counter-cyclical payments, and state investment tax credits), use-value property tax assessment was ranked the most important program by respondents. Of the 5 programs, direct and counter-cyclical payments were ranked as least important.

Most Important Government Programs^{1/} Wisconsin Dairy Farms, 2010



1/Percent of respondents selecting program as most important.

Impact of Government Policies on Dairy Farms, Wisconsin, 2010

Policy	Strong negative impact	Modest negative impact	Not affected	Modest positive impact	Strong positive impact
	Percent				
Federal Milk Marketing Orders moving from a competitive pay price to product price formulas	15	24	44	15	2
Consolidation of Federal Milk Marketing Orders	10	25	51	12	2
Introduction of the Milk Income Loss Contract (MILC)	8	9	18	57	8
Moving towards use-value property tax assessment of farmland	4	8	23	38	27

Dairy Farmer Opinions on Federal Farm Policy Issues, Wisconsin, 2010

Issue	Strongly disagree	Disagree	Not sure	Agree	Strongly agree
	Percent				
To help control milk price volatility the USDA should adopt a supply management program.	17	13	26	25	19
The Milk Income Loss Contract (MILC) program should be changed to increase the maximum volume of milk covered.	33	25	19	13	10
It should be legal for farmers to sell raw (un-pasteurized) milk to the public.	24	14	20	21	21
Federal Milk Marketing Orders ought to be terminated.	4	6	54	22	14
Farmers need a foreign guest worker program that allows immigrants to work legally on farms	26	16	22	21	15

Thank you to all the milk producers who answered this survey.

Your input is vital to show policy makers and industry leaders the current concerns of Wisconsin dairy farmers.

Additional results, including more breakdowns by herd size, can be found on our website: <http://www.nass.usda.gov/wi/>



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