

Recommendation #25**Sub-committee:** Research and Innovation**Submitted by:** Dr. John Lucey*Expanding dairy exports*

The US only exports about 5% of its cheese, exports are a huge virtually untapped growth opportunity for our cheese industry. **Recommendation:** Wisconsin needs to develop a plan and strategies that help our cheesemakers to produce new products successfully targeted for export markets, to provide our smaller plants with the logistical support needed for the transportation of their products to distant markets, and to obtain greater consumer insights on the types of products required in these key overseas markets. Wisconsin should consider developing its own Wisconsin Cheese Brand and a Dairy Export Board that specifically helps grow and support our dairy export business.

Recommendation #26**Sub-committee:** Research and Innovation**Submitted by:** Dr. John Lucey*Increased collaboration*

There are World class scientists within the UW system, including experts on cheese science, cattle genetics, microbial fermentation, and consumer science. However, some funding programs like the dairy checkoff make it difficult to do some types of collaboration between these experts. For example, to explore non-food uses for dairy co-products, or modifying milk to create new/unique dairy products. **Recommendation:** Funding opportunities need to be explored/developed that allow for new, unique, impactful ideas to be explored that could provide significant benefits to the dairy industry by leveraging the cross-disciplinary expertise within the UW system.

Recommendation #27**Sub-committee:** Research and Innovation**Submitted by:** Dr. John Lucey*Regulatory changes needed to FDA product standards of identity*

The dairy industry has many standards of identity that tightly regulate how products like cheese, milk and yogurt are made. Most of these standards have not been substantially changed in several decades, and do not take into account the new processing technologies and innovations that are now widely available. This puts US dairy manufacturers at a competitive disadvantage as European dairy companies are able to use these technologies to make products more efficiently than the US, as well as produce some new types of value-added products. **Recommendation:** The FDA is encouraged to update and modernize their standards of identity for dairy products that hinder product innovation, such as, recent technologies for milk concentration. The FDA is

encouraged to broaden their definition of the raw materials that can be used for the manufacture of standard of identity dairy products to “milk, and milk-derived ingredients”, which is in line with Codex definitions (which govern international dairy trade agreements).

Recommendation #42

Sub-committee: Research and Innovation

Submitted by: Chad Vincent

Increase in dairy processor grant funding

Problem Statement: The Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) awards dairy processor grants annually on a competitive basis. Applicants are licensed Wisconsin dairy processors who are seeking opportunities to innovate and develop new dairy products, increase efficiencies in their plants, expand or modernize existing facilities, or plan for new plant or processes. Requests to the grant program are nearly two to three times the amount of available funds.

Recommendation solution: The State of Wisconsin increase funding of the dairy processor grant program from \$200,000 to \$400,000 annually. Increased funding will promote and encourage growth and innovation in Wisconsin dairy plants.

Recommendation #43

Sub-committee: Research and Innovation

Submitted by: Chad Vincent and Jeff Buhrandt

Need to engage with legislators

The challenges facing the dairy industry are complicated and are constantly evolving. To ensure continued support and secure the policy changes necessary, the industry must enhance their efforts to communicate these challenges effectively to all of their stakeholders, including government leaders. The Task Force recommends that dairy farmers, processors, and businesses work together to increase and enhance their communication and education efforts with state and federal government leaders, including legislator and administration officials in both Madison and Washington.

In addition, dairy industry leaders will develop a comprehensive federal and state legislative strategy. This will include assisting stakeholders in identifying and contacting their local legislators and key legislators who serve on committees that directly engage with the dairy industry. Finally, the industry will provide training and guidance on how best to engage with these legislators in person, by phone, and digitally.

Recommendation #44

Sub-committee: Research and Innovation

Submitted by: Chad Vincent

A stronger CDR for value-added dairy

The highest priority for research and innovation within the Wisconsin dairy industry is specialty cheese and other value-added dairy products. This task force recommends the state of Wisconsin devote significant additional funding to the Center for Dairy Research at the University of Wisconsin to accelerate value-added cheese and dairy product research and development.

Every dairy processor in Wisconsin will name the Center for Dairy Research (CDR) a crucial partner in the growth of the Wisconsin dairy industry in the past 30 years. Since 1986, this Center has been housed within Babcock Hall, and a team of scientists and food technologists, under the leadership of a UW faculty professor, has created new dairy products, solved quality issues in cheesemaking, found new uses for whey and dairy ingredients, directly assisted industry with development and implementation of food safety programs, educated industry in hundreds of workshops and seminars, and gathered manufacturers in a Cheese Industry Team that focuses a diverse group of competitors on shared goals for research and product development. The services provided by CDR are too numerous to describe here, but this Center – from its benchtop research to its doctor-on-call visits to dairy processors – is the envy of Dairy Markets around the world.

In 2012, dairy processors and the state of Wisconsin partnered to raise funds to construct an independent home – a state-of-the-art research and training facility – for CDR. That facility is now under construction alongside Babcock Hall in Madison. This new facility offers enormous promise, yet no new state funding has been proposed to expand the number of researchers, food technologists, trainers and outreach personnel for CDR. A facility is only as useful as the minds that can optimize its potential, and CDR has the potential to directly impact new uses and greater use of fresh farm milk in Wisconsin.

We recognize the crucial need to optimize the potential of an all-new Center for Dairy Research.

1. **Fund New Staff for New R&D Capabilities.** We recommend additional funds be allocated in Wisconsin's state budget to support new full-time staff positions at Center for Dairy Research. In its new facility, CDR will expand R&D in specialty cheese, begin aseptic milk processing, explore new fluid milk packaging and execute cutting-edge dairy ingredient development. Additional expert staff is needed to execute this expanded mission for the Center.
2. **Report Staffing Needs to Industry and Legislators.** We recommend Center for Dairy Research leadership prepare an analysis of staffing needs to optimize the capability of the new facility and share this report with industry and legislators to guide the implementation of additional funds.

Sub-committee: Research and Innovation
Submitted by: Chad Vincent

A singular emphasis on value-added cheese

The highest priority for research and innovation within the Wisconsin dairy industry is specialty cheese and other value-added dairy products. This task force recommends that all proposals from this committee accelerate value-added cheese research and development and remove barriers to growth.

Specialty and value-added cheese has proven an invaluable growth engine for Wisconsin's dairy market. In the past 30 years, Wisconsin leveraged its manufacturers' knowledge of cheesemaking, its University resources and incentives from state government to build value-added production. Today, nearly half the nation's specialty cheese is made in Wisconsin by a diverse array of cheese business large and small. Wisconsin produces about 25 percent of all cheese in the U.S. and our 3.3 billion production uses nearly 90 percent of the state's fresh farm milk. Wisconsin specialty cheese is validated by dominance in national and international dairy competitions, and our state specialties have significantly replaced cheese imports while finding new consumers never before exposed to gourmet cheeses. Growth in cheese, particularly specialty cheese, and incubation of new styles and new processors, is paramount to continued demand for quality, local Wisconsin milk.

High volume cheese such as cheddar and mozzarella are crucial commodities for Wisconsin's large, efficient processing companies and cooperatives. However, there is increasing pressure on this portion of the Dairy Market with a number of large-scale processing plants being built across the U.S. With our strength in innovation, and an existing specialty cheese infrastructure, we believe research and innovation in specialty and value-added cheese is vital to the stability and growth of Wisconsin's Dairy Industry.

We have identified tasks to spark innovation and growth in this segment.

1. **Market Understanding is critical to innovation.** We recommend an in-depth consumer study be conducted to uncover innovative new products, and new uses and preparations for cheese, with results shared with all processors in the state.
2. **Access to Production for startups and innovative concepts.** Capital required by a new cheese processors creates a high barrier to entry. We recommend an economic and engineering study to evaluate methods for shared cheese production spaces for startup operations enabling new ideas and new cheesemakers to enter the Dairy Market.
3. **Innovation in Distribution to East & West Coast markets.** Many small and midsize cheese companies in Wisconsin could find new retail and foodservice partners, and more enthusiastic consumers, if distribution channels could be developed to consolidate small cheese volumes into truckload shipments. Many of the state's cheesemakers could expand their milk usage through increased distribution in markets new to Wisconsin specialty cheeses. We recommend a distribution analysis to conceive and construct an infrastructure to consolidate multiple company's products for joint freight, cold storage and distribution in key markets within U.S. population centers.