

Recommendation #7

Subcommittee: Markets

Submitted by: Dave Daniels

Background: 2018 Farm Bill in section 12513. Dairy Business Innovation Initiatives.

Establishment: The Secretary shall establish not less than 3 regionally-located dairy product and business innovation initiatives for the purpose of-

1. Diversifying dairy product markets to reduce risk and develop higher-value uses for dairy products.
2. Promoting business development that diversifies farmer income through processing and marketing innovation; and
3. Encouraging the use of regional milk production.

It also talks about drawing on existing dairy industry resources such as research capacity, academic and industry expertise, a density of dairy farms or farmland suitable for dairying, and dairy businesses.

Entities Eligible to host Initiative:

1. A State department of agriculture or other State entity.
2. A nonprofit organization.
3. An institution of higher education.
4. A cooperative extension service.

Wisconsin Farm Bureau hosted Ag Secretary elect Brad Paff and he is aware of the language in the Farm Bill and mentioned that the proposal may have to be submitted as early as May this year. I did not find any language in the Farm Bill that mentioned that. We also reached out to Congressman Steil from the 1st District, who was a member of the Board of Regents, and will continue to work with his staff. We have also reached out to Sen. Baldwin's office for her support.

Resolution:

That DATCP work with the University System to put together a proposal to be selected as one of the regionally-located dairy product and business innovation centers. This maybe in partnership with the Dairy Innovation Hub and/or Center for Dairy Research to create new research and innovation in higher value dairy products and diversified dairy product markets.

Recommendation #12

Subcommittee: Markets

Submitted by: Beth Wells

Strongly encourage all milk producers and buyers to have a current contract/member agreement with the organization marketing the farm's milk. It is further encouraged that the producer and buyer understand and communicate: the notice period in which either party can exit, the

policies/requirements that the either party must meet to stay be in compliance, and the actions that can be enforced if either party is in breach of the contract/agreement.

Recommendation #13

Subcommittee: Markets

Submitted by: Mark Stephenson

Problem Statement: Federal Order milk pricing has evolved to its current incarnation over many years. In the 1940s and 1950s, some orders had as many as eight classes of milk with minimum prices in each class depending on products made from the milk. That complexity was reduced to the current four classes—milk used for fluid purposes, soft products, cheese, and butter and milk powders. Pooling of milk values across these classes renders plants relatively indifferent to giving up milk to the highest and best use of milk and diminishes the overall value of the pool.

Recommended Solution: Reduce the number of milk classes from the current four to only two classes. Products that can be stored for at least half a year would constitute the manufacturing Class II and perishable to semi-perishable products would constitute the remaining as Class I. This would encourage milk to move to its highest value in manufacturing products to the point that the marginal value of milk used in hard cheeses was the same as milk used in butter and powders. And, semi-perishable products, like yogurt, creams and beverage products would find their equilibrium values.