

Recommendation #35**Sub-committee:** Price Volatility and Profitability**Submitted by:** Don Hamm

Problem Statement: The current upper legal limit of 750,000 somatic cells (SCC) per milliliter of milk has been in place since 1993. This is a limit that every dairy farm must meet to be able to sell Grade A milk under the Pasteurized Milk Ordinance (PMO). The legal limit for milk in the European Union is currently 400,000 SCC and dairy products exported from the U.S. to the EU must also meet this more restrictive level of quality. The current actual average SCC in the Upper Midwest is below 200,000 SCC.

Recommended Solution:

We recommend changes to the Pasteurized Milk Ordinance (PMO) to harmonize the U.S. legal SCC level to that of the EU standard of 400,000. This would mean that exporters would not have to individually certify that each farm from which they procure milk meets the lower limit.

Recommendation #37**Sub-committee:** Price Volatility and Profitability**Submitted by:** Don Hamm, Mike DeLong and Rene Johnson

Problem Statement: Price volatility and low milk prices through the bottom of the cycles, threaten the viability of dairy farmers who are “self-insuring.” Dairy producers need to understand the marketing tools available to them and make choices congruent with their individual business needs.

Recommended Solution:

We recommend dairy producers work to understand the marketing tools that are available such as Dairy Revenue Protection (DRP), Dairy Margin Coverage (DMC), Livestock Gross Margin (LGM-Dairy), cash forward contracts, futures and options, etc. We encourage producers to use the tools that best fits their business.

We further recommend county Farm Service Agency (FSA), agricultural lenders, insurance providers, UW-Extension agents and marketing specialists work together to provide learning opportunities for Wisconsin dairy producers to deepen their knowledge of existing and new risk management and marketing tools available. A collaborative effort among these industry partners to educate dairy farmers with these pricing tools is essential for the long term stability of our dairy industry.

We challenge the Wisconsin Bankers Association to take the lead on organizing these meetings and invite the involvement of UW-Extension agents, county FSA offices, marketing specialists and insurance agents to join forces and host informative meetings covering topics such as DRP, DMC, LGM, forward contracts, put options and direct marketing through their co-op or dairy plant.

Recommendation #40**Sub-committee:** Price Volatility and Profitability**Submitted by:** Mike DeLong

Problem Statement: Fluid milk consumption continues to decline. While the problem is multifaceted, making milk readily available in schools for after-sports consumption and refreshment breaks, may bolster current demand for the product and reinforce a life-long pattern of consumption.

Recommended Solution:

The Dairy Task Force 2.0 recommends Dairy Farmers of Wisconsin, Wisconsin FFA Chapters, dairy processors, dairy producers, dairy product distributors and Wisconsin schools work together to put milk vending machines in every school in Wisconsin (including universities) for students to purchase milk. The milk vending machines would offer milk in an easy to drink container that maintains freshness. We recommend that multiple flavors of milk be offered for sale.

We recommend the State of Wisconsin offer grants to schools or FFA chapters to purchase these milk machines. We recommend that Wisconsin processors be eligible for economic development grants or milk checkoff dollars be used to convert or enhance their product lines to be able to produce bottled milk containers for school vending machines.

We recommend that the milk bottled and sold in these machines must be produced from Wisconsin Dairy Farms.

Finally, we recommend that 25% of the sales dollars of the bottles of milk go directly back to Wisconsin Dairy Producers.

Recommendation #46**Sub-committee:** Price Volatility and Profitability**Submitted by:** Tom Crosby

Problem Statement: Milk price discovery and regulated pricing and pooling through Federal Milk Marketing Orders (FMMO) has evolved over more than seven decades. It is complex but no single aspect of dairy farm business impacts producer success more than the milk price itself. Dairy farmers need to understand how milk is priced to better anticipate price movements and to have input into changes to the Federal Orders themselves.

Recommended Solution:

The Dairy Task Force 2.0 recommends all dairy farmers develop a general understanding of how federal milk marketing orders work. We also recommend the UW Center for Dairy Profitability to hold regional seminars to educate farmers on this topic.

Recommendation #49**Sub-committee:** Price Volatility and Profitability**Submitted by:** Ryan Klussendorf

Problem Statement: Total fluid milk sales have been in noticeable decline since 2010. However, as a sub-category, higher fat fluid milk sales have increased over that same time. California has required fluid milk sold in the state to replace butterfat removed from whole milk levels to be replaced with an equivalent volume of skim milk solids. This improves the taste and experience of consuming lower fat milk products.

Recommended Solution:

We recommend adoption of the California fluid milk standards for all milk sold in the state of Wisconsin.

Recommendation #50**Sub-committee:** Price Volatility and Profitability**Submitted by:** Ryan Klussendorf

Problem Statement: In 2010, lawmakers passed The Healthy, Hunger Free Kids Act, which mandated all milk served in National School Lunch Program and School Breakfast Program had to be skim or low-fat, and any flavored milks had to be skim. This was followed by a significant decline of milk consumption in schools—28% in five years time. In 2018, Secretary of Agriculture, Sonny Purdue, allowed skim, 1% and 2% milk options to again be offered in schools, but whole milk products are still not available.

Recommended Solution:

We support Congressional passage of the “Whole Milk for 4 Healthy Kids Act of 2019” (H.R. 832) which would allow flexibility of school lunch programs to offer a variety of choice in flavored and unflavored milk, including whole milk.

Recommendation #51

Sub-committee: Price Volatility and Profitability

Submitted by: Ryan Klussendorf

Problem Statement: As milk has become long on the Upper Midwest market, manufacturing plants have depooled or partially depooled their milk from the federal milk marketing order allowing them to pay less than regulated minimum prices to producers.

Recommended Solution:

We support mandatory pooling of all classes of milk in a federal milk market area.

Recommendation #52**Sub-committee:** Price Volatility and Profitability**Submitted by:** Tom Crosby

Problem Statement: USDA data shows that production costs are higher for small to mid-sized family farms than for very large dairies. Because of this production cost difference, a price high enough to make family farms profitable can induce a flood of milk from very large farms. On the other hand, a price that makes very large farms profitable can still be too low to stem the loss of small to mid-sized dairy farms.

Recommended Solution:

The Dairy Task Force 2.0 recommends the adoption of the Structured Dairy Pricing plan proposed by National Farmers Organization. The proposal would create a national pool for all milk with mandatory pooling. The proposal does not alter the minimum price structure paid by plants for all classes of milk, but it does change the way in which the pool is distributed to producers. Producers would receive a Price Adjuster of \$4.00 per cwt on the first 1 million pounds of milk sold. The remaining pool value would be evenly distributed across all milk in the pool.