

# MILKLINE

NEWSLETTER

**FARM FIRST**<sup>™</sup>  
DAIRY COOPERATIVE

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## Turning on a Light



“Happiness can be found, even in the darkest of times, if one only remembers to turn on the light.”

This is one of my favorite quotes from the beloved Harry Potter book series, and its sentiment is particularly true during these current times. I'm sure there's a group of people in this world that have found a great amount of happiness from social distancing and being able to stay home with their family. To think a pandemic had to happen for so many to reap this simple pleasure! Yet, for many others, this pandemic is causing a great deal of disappointment. As I write this, more county and state fair cancellations come across my newsfeed.

It is hard to be happy right now.

My heart breaks for the many kids (and the kids at heart) that look forward

to their summers spent preparing fair projects for the county fair. I spent many of my summers working to lead my chosen cows and heifers in addition to mastering some sewing project or woodworking that was a bit beyond my current skillset. They were all something I spent a lot of time working on, looking forward to the day I could present it to a judge so it could be awarded a ribbon. I can only imagine the sadness that these kids and leaders have right now.

***“Happiness can be found, even in the darkest of times, if one only remembers to turn on the light.”***

So many fairs and shows have been canceled in addition to so many June Dairy Month Breakfast events and celebrations. If the event includes a large gathering, you can bet that it's either canceled or stripped down to accommodate the latest Center for Disease Control guidelines. Summer calendars that were easily counted on for being full are now wide open and empty.

However, it is still summer. And summer means beautiful weather and an opportunity to do things we can't do other times of the year. This can still be a special season, regardless of how our social calendars currently look. Despite the limitations that COVID-19 has created, it should not also steal our happiness.

I challenge you to find happiness in all

of this. I challenge you to instead of fumbling in this darkness and sadness, to turn on a light.

Turning on a light may take some creativity, but in this day and age of technology at our fingertips, I hope that county 4-H and FFA groups can create a way to have fair projects judged and virtually displayed. I would hope that even livestock shows could take on a similar format.

As for dairy promotion events, that too can still take place thanks to technology and social media. Several county dairy promotional groups are hosting drive-through dairy breakfasts and building 'breakfast kits' complete with maple syrup, pancake mix, eggs, milk and cheese with virtual farm tours available on websites. If you or your farm has a social media page, there are endless resources, recipes and virtual tours to share and promote. If you don't utilize social media, now may be a great time to dive in.

Promoting dairy doesn't have to be limited to large public events either. I plan bringing a cheese board featuring new cheese flavors paired with fresh strawberries and grilled peaches to my next small group gathering. Some

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Dedicated to serving and representing you, our family farm members, FarmFirst Dairy Cooperative represents farms in Wisconsin, Minnesota, South Dakota, Michigan, Iowa, Illinois and Indiana through policy advocacy, dairy marketing services, laboratory testing opportunities and industry promotion.



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FarmFirst Welcomes Jeff Thompson to Director of Accounting & Finance



Jeff Thompson recently joined the management team at FarmFirst Dairy Cooperative as the Director of Accounting and Finance. Jeff began his duties on March 30. He previously worked for AgSource Cooperative and Cooperative Resources International (CRI).

Jeff brings a great deal of cooperative business experience to the position, with more than 20 years of experience overseeing all aspects of accounting while managing a team of employees, developing and coordinating budget planning, working with a board of directors and setting benchmarks to meet their goals, performing internal audits, evaluating potential acquisitions and divestments, and conducting financial analysis of new projects and continued growth.

"We are pleased to have Jeff join our team and to utilize his talents and expertise in cooperative accounting," says Jeff Lyon, FarmFirst general manager. "His passion for cooperatives will resonate well with our members who value the grassroots philosophy of FarmFirst Dairy Cooperative. He has already shown great energy and dedication and we look forward to having his skills help move the cooperative forward."

Sign Up for FarmFirst's Weekly E-newsletter



Members are encouraged to sign up for FarmFirst's weekly e-newsletter to stay up-to-date on the latest advocacy efforts and most recent developments taking place on dairy policy. This service is free, with the e-newsletter arriving in members' inbox every Friday. Sign up by emailing Julie Sweney at [jsweney@farmfirstcoop.com](mailto:jsweney@farmfirstcoop.com) to ensure you're getting the latest dairy news!

Turning on a Light

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of my friends that are further removed from agriculture will get to hear me rave about the farmers that produce these quality dairy products, the quality care their animals receive, and how their dairy farm business helps the local economy thrive. I'll be sure to try three new dairy-focused recipes and buy an extra gallon of ice cream before the month is over. As the Director of Communications here at FarmFirst, I'll be ramping up my promotion efforts across our social media platforms and I'll seek out opportunities to share dairy's story with a general consumer audience.

We are experiencing some tough times right now, but I believe in making the best of it. Spread joy and find happiness. Choose to turn on the light.

Article by Julie Sweney  
FarmFirst Dairy Cooperative

## CFAP Enrollment Began on May 26, Farmers Encouraged to Apply As Soon As Possible



Enrollment began on May 26 at county Farm Service Agency offices for farmers wanting to participate in the Coronavirus Food Assistance Program (CFAP). A total of \$16 billion has been allotted for direct payments to producers, with \$2.9 billion specifically

earmarked for dairy. This equals about \$6.20/cwt on a producer's first quarter milk production.

For dairy, the total payment will be calculated based on a producer's certification of milk production. The funding comes from two sources, the CARES Act and the CCC Charter Act, and will be combined in one direct payment. Payments using funding from the CARES Act will be determined by multiplying a producer's milk production for the first quarter of calendar year 2020 by \$4.71 per cwt. Payments under the CCC Charter Act will be determined by multiplying a producer's milk production for the first quarter of calendar year 2020 by a factor of 1.014—to account for increased production in the second quarter of calendar year 2020—by \$1.47. Together, this total is \$6.20/cwt.

Farmers need to call their local FSA office to arrange for the application process. Information regarding CFAP payments and the application can be found on FarmFirst's website in addition to USDA's CFAP website: <https://www.farmers.gov/cfap> Farmers have access to a CFAP calculator online to help streamline the application process.

Within a week of applying, farmers will receive 80% of their payment while 20% will be issued later in the summer assuming that not all of the \$16 billion total has been depleted yet.

A few updates to the program since information was shared on the direct payments and application process:

- The initial payment limits have changed to no more than three total shareholders (defined as those who provide at least 400 hours of active personal management or labor) per farm application, with each qualifying for \$250,000 for a maximum eligibility of \$750,000 per operation.
- Dairy producers are also eligible for payments on cull cows, steers, and feed crops.
- Contrary to initial information, milk production enrolled in risk management programs, such as Livestock Gross Margin, Dairy Revenue Protection, Dairy Margin Coverage or forward contracts, does qualify for CFAP payments.
- Payments also include production of milk that was dumped.

"FarmFirst has been advocating that funds need to be made available for farmers quickly, so we commend the USDA for making these plans as direct payments to producers as well as receiving 80% of the funds within a week of signing up for the program," says John Rettler, president of FarmFirst. "As it was described during President Trump's press conference, farmers are the very first link in the food supply chain. Supporting U.S. farmers ultimately supports the entire food chain."

Rettler added, "We look forward to working with USDA and Congress on additional funding support for dairy farmers, as the industry as a whole has experienced a delayed effect on feeling the impact of the pandemic on dairy market prices. USDA's current plan will provide some helpful but will still fall far short of the support that dairy farmers need to stay in business, considering that much of dairy's losses will be reflected in milk checks paid after April 15. Dairy never stops and has not stopped during this pandemic but U.S. dairy producers will need a higher level of support to manage through this." 🇺🇸

## March Milk Margins Trigger First DMC Payment for 2020



The USDA announced that the March 2020 income over feed cost margin was \$9.15/cwt, triggering the first Dairy Margin Coverage (DMC) payment in 2020 of \$0.35/cwt for dairy producers who purchased \$9.50/cwt coverage.

"This payment comes at a critical time for many dairy producers," says USDA Farm Service Agency Administrator Richard Fordyce. "It is the first triggered payment for 2020, and the first payment to dairy producers in seven months."

Based on current futures markets, the payment will be even larger in April and May. The USDA calculator shows a potential payment of \$3.50/cwt in April and about \$1/cwt in May at the \$9.50/cwt coverage level.

Futures markets have recovered enough for the summer and fall months that few payments might be triggered, however, that all depends on markets remaining strong.

Check out the DMC calculator and other information by visiting FarmFirst's website at [www.FarmFirstDairyCooperative.com](http://www.FarmFirstDairyCooperative.com).

## FarmFirst Applauds Food Supply Protection Act to Support Farmers, Meet Food Bank Demands



FarmFirst Dairy Cooperative applauds the introduction of the Food Supply Protection Act by Senator Stabenow (D-MI) on May 27 and her efforts to bridge the gap between the food that America's farmers produce to those desperately in need of it at their dinner table during this global pandemic.

The Food Supply Protection Act will:

- Support food banks and non-profits to help increase their capacity and address growing demand.
- Strengthen food partnerships to prevent food waste and feed families.
- Protect workers and retool small and medium-sized food processors.

FarmFirst believes this legislation will be an important piece for

many food banks across the country that previously did not have the refrigeration necessary to make dairy products available to their patrons. The Food Supply Protection Act funds will provide additional cold storage and refrigeration, making it possible for many more families across the U.S. to have access to and enjoy dairy while getting the valuable nutrition they need.

This bill also enables businesses, including farms and food processors, to maintain the safety of their employees by providing access to personal protective equipment. Strengthening food partnerships is also a valuable aspect of this legislation, promoting innovative collaborations with chefs and restaurants to focus on the needs in local communities. Dairy farmers have continued to produce wholesome, quality milk, and are eagerly looking for creative measures to maintain demand for their products. These innovative solutions help make that possible. Supporting U.S. farmers ultimately supports the entire food chain. 

## Get to Know Your Board: Kathy Bauer of Faribault, Minn. - District 9 Director



**Name:** Kathy Bauer  
**Location:** Faribault, Minn.  
**First Joined the Board:** 2012

### Tell us more about your dairy farm.

I farm with my husband, Randy, and our son, Glen. We milk Holsteins and Jerseys, which allows us to have higher volume with high components. We take pride in producing high-quality milk and have been the

recipient of National Mastitis Council's Platinum Quality Award six times. We also focus on breeding to beef and produce all our own feed in addition to some cash cropping. Every year, we open our farm to the local community for several school tours to share our farm's story in producing wholesome food.

### Why do you choose to be a member of FarmFirst Dairy Cooperative?

It's important to me that members have a voice in our cooperative, and we believe FarmFirst Dairy Cooperative is truly grass-roots. When it comes to advocating for valuable policy changes or vocalizing support for changes to support a higher milk price, we know that FarmFirst is there with a solid reputation in the dairy industry that provides them with a seat at the table.

### What motivated you to run for a director seat on the board?


I have a lot of passion for the dairy industry, having grown up

on a dairy and continuing to make a career as a dairy farmer. I wanted to become more involved while also sharing my experience from managing my dairy farm. I felt that I would be an asset to the board, and I wanted to be able to provide guidance in this cooperative leadership position.

### What do you hope to achieve while on the board?

My passion for the dairy industry translates to ensuring that Midwest dairy farmers have a voice for policies that support them today and long into the future. My service as a board member is to build upon and diversify the cooperative so it can continue to represent the current and evolving interests of its members. The cooperative has valuable programs and benefits to its members, but the board believes in continuing to strengthen and improve so we're not just viable but thriving. The board is made up of active and dedicated dairy farmers who are all interested in the industry's viability, sustainability and profitability.

### When it comes to advocacy efforts, what issues are most important to you?

The most important advocacy effort for me currently is advocating for the younger generation interested in dairy farming and having the opportunity to do so, as well as maintaining our social license to farm. I believe that farming, especially dairy farming, is the heartbeat of America. There's so much positive economic impact generated from dairy farms, while much of this goes unrealized by so many. Ensuring that the youngest generation has more than enough resources and support to have the option to dairy farm is vital. 

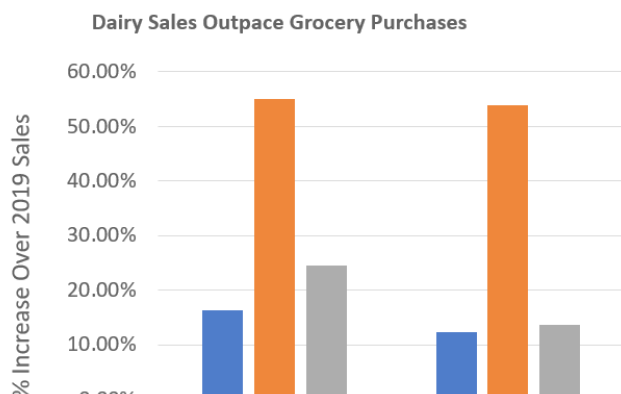
# U.S. Dairy Celebrates American Consumers

As Featured in the National Milk Producers Federation's Dairy Defined

While no one can say with certainty that the slow re-openings across the U.S. mark the beginning of the end of the COVID-19 crisis, it's clear these attempts to return to a more normal existence mark the end of the beginning. The world is an experiment, both of science and of societies. Outcomes will remain uncertain for months.

But data can help draw a few conclusions. One from the consumer sector is that, in times of uncertainty, people turn to the bedrock items that they know will nourish themselves and their families. And dairy is an important choice.

Retail-sales as reported by consumer market researcher IRI over the past three months show that consumers have reacted to the coronavirus crisis first by stocking up on dairy, then by continuing to buy milk and other products at disproportionately high levels.



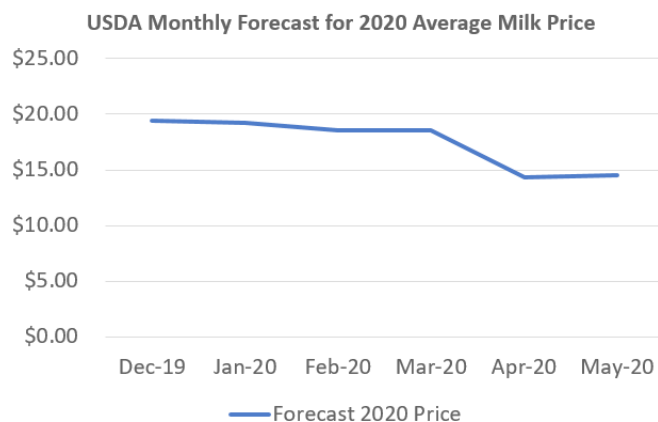
From March 8 to March 22, as stay-at-home orders and business closures proliferated nationwide, dairy products flew from store shelves. Milk sales were 43 percent higher than during the same period a year earlier. Yogurt rose 31 percent. Ice cream sales gained 40 percent and cheese 76 percent. Butter sales more than doubled during the same period.

Gains have continued into the "new normal," and in fact take up more of a consumer's retail dollar than they did during the panic peak. Retail dairy sales from late March through May 17 remain 25 percent higher than a year ago, while overall grocery sales during that same period are only up 14 percent — meaning that at a time when people are relying more on grocers to fill their needs, they're relying on dairy significantly more than they are on other products.

That vote of consumer trust shows every sign of continuing for the foreseeable future – and that shouldn't be a surprise, really. When milk is already in 94 percent of U.S. households, it follows that it would be especially important as families choose how

to weather a storm. This real-world, real-time affirmation of dairy's value can't help but inspire the entire dairy community to keep working and maintain resilience through whatever comes next. Dairy owes a deep debt of gratitude to consumers whose support has helped carry farmers through this crisis.

Of course, consumer faith has been only one part of dairy's story in the past few months. Pre-coronavirus, about half of all dairy sales came from outside the home. Even as retail consumers increased dairy buying, sales to restaurants, schools and cafeterias plunged. That turbulence prompted sharp declines in the USDA's forecast for milk prices for 2020. That's been a big reason why federal assistance for dairy farms has been so important.



But even that story is brightening. A recent price rally is changing the outlook from mortifying to merely difficult – still cold comfort for many producers, but more manageable in a way many wouldn't have dared to wish for even one month ago. Restaurant sales are slowly returning, and federal aid has provided a meaningful boost to bottom lines, even as signs of stress will still need to be monitored and additional aid will be necessary.

The past few months have been difficult for dairy, as it has for everyone. The next few will be as well. But dairy is resilient. Its value to consumers is beyond dispute, and early signs of recovery give reasons for hope. June 1 is World Milk Day, kicking off the month of June for the industry to celebrate everything dairy. While there remains much to overcome, there is also much to celebrate. 🇺🇸



APRIL 2020

Federal Milk Order  
Market Information

	UPPER MIDWEST	CENTRAL	MIDEAST	
Order Name and Number	Order 30	Order 32	Order 33	
Producer Milk (lbs.)	2,704,017,011	1,598,648,558	1,748,876,374	
Producer Price Differential @ base zone	\$ 0.24	\$ 0.44	\$ 1.15	
Statistical Uniform Price/cwt @ 3.5% BF*	\$ 13.31	\$ 13.51	\$ 14.22	
Class I Price/cwt	\$ 18.44	\$ 18.64	\$ 18.64	
Class II Price/cwt	\$ 13.87	\$ 13.87	\$ 13.87	
Class III Price/cwt	\$ 13.07	\$ 13.01	\$ 13.07	
Class IV Price/cwt	\$ 11.40	\$ 11.40	\$ 11.40	
Component Prices & Test Avg. % aves				
Butterfat/lb.	\$ 1.3218	3.96%	3.95%	3.89%
Protein/lb.	\$ 2.4822	3.14%	3.19%	3.16%
Other Solids/lb.	\$ 0.17930	5.77%	5.79%	5.79%
SCC Adjust Rate/1000	\$ 0.00070			
Producer Milk Classified %				
Class I	8.20%	24.30%	32.90%	
Class II	1.60%	7.55%	16.50%	
Class III	82.90%	43.86%	30.40%	
Class IV	7.30%	24.29%	20.20%	
	100.00%	100.00%	100.00%	



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